

Co-op board meeting: September 19, 2017

Attended: Edie, Tim, Jim, Aaron, Jerome, Diane, Deborah, and Kevin

Tasks and decisions – Jerome

Approval and agenda – next meeting is Oct (not Nov) 17th. (Diane can't attend – will be in Milan).

Addition to the agenda – discussion of the alternate proposal during “relocation update”

Jerome – lets discuss “ends” work at an upcoming meeting

Agreed to review for approval the Aug 22nd special meeting minutes.

Edie motioned to approve the Aug minutes, Jerome seconded. Motion approved.

Discussion about the staff position on the board. The position is in the bylaws. However, there are challenges with this seat: 1) he/she would not represent the staff, 2) it has been inconsistently filled, and 3) no interest recently.

Staff person wouldn't get paid for time serving on the board, but would get the board discount.

Tim – Klimek contract (summarized earlier discussion that we should honor the contract and pay CDS because this relationship is important). Kevin – there are portions that we can work with them on.

Tim noted that the board had agreed to review the GM compensation by December. Tim and Aaron will gather information to inform board decision-making.

GM Report: Relocation update

Kevin is working with Bill Gessner to correct and update the pro-forma. Financial data was incorrect, and the timing on entering all the preferred share information needed to be added. Previous models had member loan repayment schedules, and this needs to be updated for investment shares. This affects cash flow going forward.

Legally, repayment clock starts at the closing of the investment (per the preferred share agreement). Some co-ops start the clock after the store opens. Pushes repayment back to year 3 rather than year 5 as it had been in the pro-forma before.

There was a question about dividend payments: If the investor says that they want their principle back at the time of maturity, we are obligated to pay them. However, dividends can be paid contingent upon profitability. However, dividends accrue as a liability.

Bill will have the updated pro-forma in the next few weeks.

We'll take what we have and send it out to bid for contractors so that we can get a hard price (we'll include equipment costs). This will affect the pro-forma as well.

We'll have all of the updated pro-forma and costs at the Nov meeting.

Kevin discussed the bidding process. Bruce suggested a contractor for Kevin to consider (name intentionally omitted from notes).

We may modify the meeting date for the Nov meeting to accommodate all board members.

Agreement with the Bay School: they'll pay for their portion of the trails. Aiming for the same with the Harbor School. We'll pay for cross walk and culvert.

Blue Hill Heritage Trust will do the trail work to the Parker Point Road. Another trail to GSA dorms, and another into our parking lot.

Timber frame/ employee plan

Kevin told the staff that he was working with CDS, the pro-forma and the woman that wrote the market study – this isn't something that we've rushed into. Years of discussion, surveys, member feed-back. Wanted to give them the assurance that we have done our due diligence. That seemed to satisfy most of the staff concerns.

We discussed holding a public meeting – after our Nov board meeting – to discuss our finances, and the floor plan, and to hear and address member questions/ concerns. Kevin will get back to this group (Jim Shepard, Andrew Lehto, etc.) to let them know that we're going to have a public meeting in Jan.

Preferred shares

Questions?

Concern was expressed about how our attorney appears to be dragging past deadlines.

Tim brought the investment matrix, and the board reviewed it.

With this investment, each time a transaction closes, the clock starts.

Jerome motioned to approve the investment vehicle (506 offering). Tim seconded. Passed unanimously.

Kevin is also going to talk with Bruce about the USDA solar grant that the relocation committee discussed over the past few years. Kevin said that someone has offered to provide a solar panel deal (one panel for each XX new members or something like that – see Kevin's update).

Kevin talked about the Café changes, including management. There continue to be some challenges and growing pains going forward.

Question was asked about whether Kevin could get training for the new Café Manager to get them the skills that they need in prep for the next year, including the busy summer season. Money spent on improving Café would have a good return on investment.

Tim had a question on the P&L year over year comparison about taxes. Kevin is going to look into it and discuss with Bob Sullivan.

Kevin: NCG measures risk of all their member Co-ops – measured on store growth typically. CDS has changed their procedure. Now, based on a cash flow report.

NCG conference – Kevin attended between the last meeting and today

All co-ops are experiencing sales slump right now given intense competition from Amazon/ Whole Foods, etc. There was a focus on story-telling in branding, and making an emotional appeal.

Ideas discussed about why the Co-op matters to people. For example, a board member suggested including a message every week in the Weekly Packet explaining what we do, and why this is important. (We may be doing this already.)

In other parts of the country, co-ops are merging, for example in Minneapolis, MN.

Jerome motioned to accept the Manager's report. Jim seconded. Unanimously passed.

BREAK

Board monitoring

Tim read Policy C6. We addressed b) "delegate their authority" (to whom? – board members?) should be modified to "delegate their authority *to other board members*"

k) (there's a lot of responsibility there) "issuance of financial statements *when necessary*"

Edie moved to accept these changes in C6, B and K. Diane seconded. Passed unanimously.

Mia will coordinate with Jim to make the changes.

Edie motioned that, with the change to k), we are in compliance with Policy C6 as amended. Deborah seconded. Passed unanimously.

C7:

We agreed to review the charter of the relocation committee to see whether it still reflects the role that the board wants this committee to serve.

We're not in compliance with d) "regularly review and control committee responsibilities in written committee charters." We're in compliance with everything else.

Jim will put in the calendar to be compliant with d) through an annual review of charters.

C8:

We had numerous questions about this.

Tim suggested that Kevin help to inform us about what skills and capacity he feels would be particularly helpful for him to have in the members of the Co-op board.

Jerome offered to edit the policy.

Kevin noted that there's still a CDS-NCG connection that provides discounts for trainings, including group trainings. Also, he'll put us all on a NCG board member newsletter.

Jerome will include a date saying what training we want for a given year. This date should precede the development of the board budget. So, that training selection date (and thus identifying the cost) should happen in September since the board budget will be developed in October.

We will review C8 next month in addition to the other policies that we are scheduled to review.

Jerome reviewed tasks and decisions (get them from Jerome).

Next meeting:

- Ends
- Relocation, pro-forma, financials
- Kevin will update us when he hears back from Jeff Spaulding.
- We'll consider moving the Nov meeting to Nov. 14th. We'll get Bruce scheduled to attend that meeting.
- Review the charters? – we could also do this at a future meeting