

Blue Hill Co-op Board Meeting and Annual Meeting
June 22, 2023, Blue Hill Co-op Café

Board Members Attending: Jo Barrett, Jenny Brillhart, Aaron Dority, Anne Gilchrist, Jerome Lawther, Annie Silver, Jennifer Traub, Tim Tunney.

Absent Board Member(s): Deborah Evans.

Others Attending: Julia Klein (Minute Taker), Kevin Gadsby (General Manager), Edie Dunham (Piano), Shannon and Ed Martin, Sally Charnow, Laura Markham, Ron Poitras, John Busch, Chris Ramsay, Jonathan Hall, Eliza Hill, Tony Aman, Jim Picariello, Sandy Buxton, Leslie Cummins, Tim Seabrook, Gigi Sarsfield, Diane and Frank Bianco, Peter Gilchrist, Jan Carpenter, Bob Salesi, David Putnam, Diana Merenda (Owners).

Julia Klein, minute taker

Jerome Lawther, meeting facilitator, timekeeper

Jennifer Traub, tasks and decisions

Meeting called to order at 6:00 PM.

Approval of Agenda

Jo moved to approve the agenda with adjustments. Anne seconded the motion. The motion unanimously carried.

Approval of Minutes

Jen moved to table the May 25, 2023 BOD Minutes for the July meeting. Jenny seconded the motion. The motion unanimously carried.

Words from the Board Jerome opened the meeting and explained the format to the owners. Jo offered an e-voting tutorial to owners wanting assistance.

President – Jerome spoke of the Co-op’s journey to the new store commenting that though the board and owners feared taking on debt it seems unlikely that the Co-op could have survived the pandemic without relocating. The Co-op came through and Jerome expressed his curiosity to see its journey forward. He extended the invitation to owners to join committees and assist with the path forward.

Treasurer – Tim explained his role as board treasurer and chair of the Finance Committee. He recognized former board members in attendance. Referring to his write-up in the Annual Report, he commented that the year was relatively flat on sales growth with the rising cost of goods and utilities. He noted that Kevin is under daily pressure to keep prices under control. He shared that the Co-op was able to redeem close to \$70,000 in preferred shares.

Board Development and Elections Committee – Jo explained the Co-op’s transition from paper ballots to electronic voting noting that paper ballots are still available in the store and upon request. She shared that upon introducing e-voting, participation increased dramatically, with three times the required votes in this election so far. She explained that voting was extended to allow owners to meet and ask questions of the candidates at the Annual Meeting.

Open Owner Time

David Putnam asked for increased signage and notification all over the store regarding the election for non-computer-using owners. The board responded that a postcard announcement was sent, and the election will be announced in the Harvest Herald in the future. Tim Seabrook requested that written ballots be made more available.

Frank Bianco inquired whether the Co-op still has a mortgage. The board responded that the Co-op was able to secure refinancing for a 10-year 4.74% fixed rate mortgage.

Gigi Sarsfield asked why the owners received an email today announcing that a dividend will not be sent this year. Kevin explained a technical glitch with delivering the news sooner and explained dividends and profitability.

Laura Markham inquired regarding the operations cost trajectory. Kevin explained depreciation, amortization, net operating income and the financial outlook for 2023. He noted that the cost of goods and inflation have gone through the roof with price hikes in services, utilities, and repairs. He shared that the budget predicted 2.5% nominal growth this year, but the Co-op has seen 10% growth so far. Kevin noted that the cost of goods seems to be leveling out and coming down in some areas. Tim added that the Co-op has seen more shoppers and new members than ever before with recent local transitions causing the Co-op to become the regular store for more people. The challenge is in maximizing profit while keeping the Co-op a place accessible for everyone to shop.

Frank Bianco commented that he is impressed that the Co-op has not cheapened or downsized products as costs have risen. He affirmed that the café output in the last 6 months has established it as a dependable and reliable source for good food.

Gigi Sarsfield expressed appreciation that GF options are not priced higher than standard offerings.

Eliza Hill inquired why there is not a place to compost packaging and why the Co-op is not leading the community in food packaging solutions. Kevin responded that packaging is a huge problem and a current task of the Strategic Leadership Committee. He invited participation in the committee. A plastic task force was established, and new energy would be welcome. Eliza asked about composting in the store. Kevin responded that all Café and produce waste goes to Chickadee Compost. Tony Aman echoed Eliza's concern regarding plastic containers and asked why compostable alternatives are not being used. Kevin responded that staff is always looking for biodegradable and compostable alternatives, but these are often unavailable or cost prohibitive, ultimately raising prices in the store.

Ron Poitras affirmed his support for all that the Co-op is doing but requested the return of his investment for financial reasons. Tim responded that the board will be considering legally available funds at the July meeting and deciding its ability to fulfill current requests for return of investments. All other requests this year will be reviewed at the January board meeting. He went on to explain that the board has a legal obligation to owners and investors not to jeopardize the

financial stability of the Co-op. Tim Seabrook commented that this was made clear to owners when they invested.

David Putnam asked about increasing staff wages and suggested that the Co-op consider decreasing expenditures by reducing the number of offerings on the shelves. Kevin responded that he hired a consultant to formulate a wage increase plan which is in progress. He also explained that some employees have been viewing an outdated app listing hourly wages. For correct wages reflecting raises employees need to review their pay stub.

David also suggested that the Co-op offer at least one simple lunch item lower than \$5 and asked if there could be a 10% discount for those on food stamps. Kevin explained the Share program offering a 10% discount to all owners with the EBT card and the Farm Fresh Rewards program offering 50% off all produce. He commented that the Co-op is one of only 10-12 stores in Maine who participate in this program. David commented that this makes him proud to be an owner of the Co-op!

Bob Salesi noted appreciation for the Co-op staff. The board and owners concurred!

Kevin shared that for 25 years he has worked in Co-ops, bakeries, and cafés. Years ago, he saw the ad for a beautiful new Blue Hill Co-op and decided to become General Manager through relocation. He went on to share that the Co-op opened in August 2019 and was shut down in February 2020 due to Covid. He noted that the Co-op is indebted to those who invested. He spoke of the challenge of running the Co-op through the shutdown, through its growth from 25 employees to 80, from 13 parking spots to 82, and through 59% growth the first year 29% the second, and slow growth in the past couple of years. He shared that 53% of Co-op owners are fully invested. Through April and May 2023, Blue Hill, one of the two most seasonal co-ops in the country, was one of only 5 or 6 out of 150 NCG affiliated co-ops to see growth while many are down by 40%. August sales numbers are occurring already in June with many new faces in the store shopping and becoming owners. Kevin reminded attendees that the pro forma indicated the Co-op would function in the red for its first four years after relocating. Jim Picarello spoke as a former Co-op GM, affirming that Kevin is a wizard at running the Co-op! Kevin responded that he has a good team of staff, a supportive board and committed owner/members. Frank Bianco asked whether sales have increased since the transition from Tradewinds to Hannaford. Kevin responded that many shoppers have newly found the Co-op and 6-8 new vendors have begun selling at the store since the change.

Tim Seabrook suggested adding an 8th principle to the 7 cooperative principles making showing appreciation a goal and tenet, particularly appreciation for volunteer work.

Tasks

- Jerome will set a date for the next Strategic Leadership Committee Meeting. Potential new members will be contacted.
- Jen will place the Annual Meeting promo review on the board calendar for 2024 after the board reviews timing and process.
- The board will consider more visible signage/communications announcing future elections for owners without email.

-Raise owner's awareness of Chickadee Compost.

Board Monitoring

C5 Directors' Code of Conduct – The board explained the policy review process to the owners. Jenny confirmed that the board received her review of C5 via email. **Anne moved that the board is in compliance with policy C5. Jo seconded the motion. The motion unanimously carried.**

GM Monitoring

B5 Treatment of Customers – Kevin presented his report and his assessment that the Co-op is in compliance with B5. Jo commented that the Co-op is consistently kept fabulously clean. She asked who is responsible for customer service and inquiries from shoppers. Kevin responded that often the front-end manager or Webcart manager is available to direct questions to the right person. Jen commented that it is good to see waste and shrinkage numbers improved this year from last year. **Tim moved to accept the GM report on B5 as in compliance. Ann seconded the motion. The motion unanimously carried.**

Agenda

GM Report - B1 Financials

C6 Officer's Roles - Jo

Review B4 - Re-write Consistent with Bylaw 2.8 - Jo

Board Outgoing Communications Policy - Standards and Parameters - Jo

Election Results

Election of Officers.

Meeting Evaluation: Vibrant and engaged. Impressive!

Meeting Adjourned: 7:20PM

Due Date for the Board Packet: Items for the Board Packet will be due on Thursday, July 20, 2023.

Next Board Meeting: Board Meeting Thursday, July 27, 2023, 6:00PM, Blue Hill Co-op, Café.

Minutes submitted by Julia Klein