

**Blue Hill Co-op Board Meeting - April**  
May 2, 2024, Blue Hill Co-op Café

Board Members Attending: Jo Barrett, Cheryl Boulet, Jenny Brillhart, Deborah Evans, Annie Silver, Jennifer Traub, Tim Tunney.

Absent Board Member(s): Aaron Dority, Anne Gilchrist.

Others Attending: Julia Klein (Minute Taker), Kevin Gadsby (General Manager).

Julia Klein, minute taker

Deborah Evans, 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. Cheryl seconded the motion. The motion unanimously carried.**

Approval of Minutes

**Jenny moved to approve the March 28, 2024 BOD Minutes with edits. Tim seconded the motion. The motion unanimously carried.**

Tasks

- Kevin will check with Jennifer Coolidge regarding the 501(c)(3) status of Round-Up recipients.
- Kevin will consider revising labeling storewide of “Local,” and “Maine-grown” products to distinguish peninsula producers from producers further afield.
- Kevin will consider asking for a staff article for *Harvest Herald* once labels are implemented.
- Kevin will consider a recommendation for the produce manager to explore how other Co-ops relate with their local farmers.
- Jenny will locate the multi-year work plan for the SLC to review.

Open Owner Time

Jo shared a concern brought to her attention by some local farmers regarding the Co-op’s use of the word “local” for items produced on the Peninsula as well as those produced generally in Maine. Concern was also expressed that Peninsula products are displayed near products from the broader region which at times undercut prices from the Peninsula. Kevin responded that he has been in dialog with farmers regarding this issue and noted that many shoppers looking for products from specific farms are willing to pay the higher price. He suggested revising labeling using “Local” for Peninsula products only and “Maine-Grown” for other products. He added that he reviewed numbers and found that offering choices has actually driven sales for local farmers and improved the quality of the products. Jen suggested that turnover in the produce manager position could make maintaining long-term connection with farmers difficult. Kevin will speak with the produce manager about building relationships and getting to know the farmers. Cheryl referenced exponential growth in produce since Tradewinds closed. Kevin affirmed that sales shot up and stayed. He went on to state that he would prefer to fill the shelves with Maine-grown products than with those from afar. Jen suggested a spotlight article in the *Harvest Herald* by

staff announcing the change in labeling and defining what “local” means to the Co-op. Annie suggested that the produce manager might connect with other Co-ops to learn how they relate with their local farmers.

### Board Monitoring

C3 Agenda Planning – Tim presented his assessment that the board is in compliance with C3 but noted that there is room for improvement in item 1. He explained that the board maintains the calendar and that the pro forma functioned as the multi-year financial plan but asked about the work plan. The board responded that Jerome Lawther began developing a work plan with the Strategic Leadership Committee. Kevin shared that he made a work plan template with a consultant, but the consultant had disappeared. Jenny will resurrect the template for the committee to review. **Jen moved that the board is in compliance with policy C3. Jo seconded the motion. The motion unanimously carried.**

### GM Monitoring

B1 Financial Conditions - Q1– Kevin began his report by highlighting that growth trends have continued with the Blue Hill Co-op listed by NCG among the top 10% every month since last May. Kevin recently attended a conference in which it was noted that Blue Hill is #12 for growth out of 220 storefronts. Many co-ops are suffering declines while some East Coast co-ops are growing. Jenny commented that Blue Hill is not under pressure from Whole Foods. Kevin noted that Q1 is the slowest quarter for growth, but this year was strong with a move toward profitability. He is curious whether sales growth will level out or continue to increase. Tim commented that sales growth was outstanding.

Kevin went on to report that when perpetual inventory was shut off on March 1 the automated waste feature was closed out and waste numbers were not entered into QuickBooks. Kevin has the numbers and will make the waste adjustment manually. He explained details and impacts and that the net operating income in the P&L will be reduced by the adjustment. Despite the adjustment, Q1 was profitable, and Kevin did not tap into the line of credit – an asset going into the busy season since all profit may be saved rather than used to pay off the line of credit.

Kevin presented a Risk Assessment Statement from NCG and explained that risk jumped with the expansion. The Co-op was required to contribute \$60,000 to an NCG risk fund. NCG has recognized the Co-op’s growth and assessed that risk dropped from 50% to 25%. They will be issuing a refund of \$30,000. In an analysis by CoMetrics, Blue Hill compares with top performing Co-ops. Kevin passed around the report and explained that green areas are strong and red sections are areas to grow in, including debt.

Kevin shared the summary from the insurance representative stating that the current value of \$4.6 million is sufficient. The agent felt that the numbers are high since the value is solely for the building.

Cheryl asked about staffing. Kevin responded that he is bringing in a consultant for the café and has found that Blue Hill is not alone in the struggle to find and retain staff. He commented that training new staff is hard with the high turnover rate. Cheryl noted that Tradewinds traditionally offered a summer bonus of \$1 per hour due at the end of the season.

Kevin uploaded the 2024 budget into Google Drive and stated that he set the target growth at 8% above last year. April showed 17% growth. He shared his hope to increase wages and benefits and budgeted for an additional 23.5% toward this item if growth trends continue. This growth would push the Co-op into the large co-op sales bracket and allow for hiring HR staff and eventually finance staff. Kevin spoke with a consultant who emphasized that more sales allow the store to support its needs with appropriate staffing. Jo shared a heartwarming story about a staff member with disabilities who is loving work at the Co-op. The board thanked Kevin for a great report. **Tim moved to approve Kevin's report on B1 as in compliance. Jen seconded the motion. The motion unanimously carried.**

Finance Committee Update – Tim shared that the committee met about the budget and is forecasting an increase of \$130,000 to personnel this year. He presented the budget to the board for approval and noted that the redemption schedule and ERC are not reflected in the budget. The committee will review investment dividends. Tim explained that if the ERC materializes it will increase the cash position enabling the Co-op to create a sinking fund for future investments due and perhaps allow for dividends on investments. He commented that a staff position to help with calculations would be helpful. Cheryl noted that depreciation is set the same as for 2023. Kevin responded that once taxes are done depreciation will be adjusted but will be similar.

Kevin shared that he worked with an NCG consultant to produce the budget and explained the inclusion of new information with the goal of showing budget versus actual at every meeting. Deborah noted her appreciation for the visuals and graphs. She commented that the new topics are fascinating and encouraged Kevin to continue including them. Jen commented regarding an idea from board training to engage the board in the budgeting process. The board could question assumptions on which the budget is built and allow the GM to view the budget from a different angle. She suggested adding this to discussions around producing the budget. Kevin responded that he has never heard of this in the budget development process but if the budget is started in late October suggestions and adjustments could be received before the budget is finalized for January 1. **Tim moved to accept the 2024 budget as presented by Kevin. Cheryl seconded the motion. The motion unanimously carried.**

Annual Meeting Poster Reveal/Review – Deborah and Jo presented the Annual Meeting and Elections poster to be displayed on every cash register and every Co-op door to reach all owners, especially those who do not use email. Deborah noted that phasing out paper ballots continues. Jo explained that Kipp now lives in New Mexico, but Sarah is new at the store part-time. Sarah will be responsible for hanging posters. Jo inquired whether communications with Kipp should be run through Kevin. Kevin responded that he'd like to be included in the emails with Kipp. The board commented that the poster graphics look great. Deborah mentioned that voting is easy this year with no bylaw changes and that Simply Voting may be used at any time to query the owners. Jo noted that many handwritten comments were traditionally included on paper ballots and the committee is working to set up the comment box within Simply Voting.

Annual Meeting Plans –The board decided that the annual meeting will begin at 5:30 with a meet-and-greet, food, and piano music. The business meeting will begin at 6:00. Materials for the Annual Report will be due on May 31, 2024, including reports from the GM, Board

President, Finance Committee, and Strategic Leadership Committee. Annie volunteered to write an SLC report. Anne and Jenny will organize hors d'oeuvres, beer and wine, and piano music. Discussion turned to moving the monthly reports to the months before after the Annual Meeting. The board decided to move Kevin's B5 GM to July and include double board monitoring reports in May.

Newsletter – Kipp requested that the board contribute to the *Harvest Herald* 50<sup>th</sup> anniversary edition. Aaron volunteered to draft a statement from the board. Jenny commented that a letter to the editor was published in the newsletter in response to the article regarding plastics. The letter included several good ideas. Jenny will draft a reply thanking the owner for writing and inviting them to join the Strategic Leadership Committee. Items for the newsletter will be due on May 28, 2024.

### Agenda

GM Reporting - B4 Membership Rights and Responsibilities, Ends - Kevin

C4 Board Meetings - Aaron

C5 Director's Code of Conduct - Anne

Meeting Adjourned: 7:31 PM

Due Date for the Board Packet: Items for the Board Packet will be due on Thursday, May 16, 2024.

Next Board Meeting: Board Meeting Thursday, May 23, 2024, 6:00 PM, Blue Hill Co-op, Café.

Minutes submitted by Julia Klein