

Blue Hill Co-op Annual Meeting
June 27, 2024, Blue Hill Co-op Café

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

Others Attending: Kevin Gadsby (General Manager); Edie Dunham (Piano player); Jennifer Wahlquist Coolidge, Leslie Cummins, Angela Faneuf, David Gadsby, Kathleen Gadsby, Peter Gilchrist, Bill Lombardi, Holly Lombardi, Torsten Peterson, Chris Ramsay, Gigi Sarsfield, Tim Seabrook, Deborah Wiggs, Claudia [last name not provided] (Owners)

Jennifer Traub, minute taker

Meeting called to order at 6:02 PM.

Words from the Board & GM. Board President Aaron Dority explained the change in meeting format to prioritize the Board's annual report and questions from attendees instead of the typical Board meeting with monthly policy reviews. Board members introduced themselves briefly, and Secretary Jen Traub circulated a sign-up sheet to record attendance.

President—Aaron communicated the two primary responsibilities of the Board as 1/practicing democracy and 2/supporting the General Manager and holding the GM accountable. The General Manager reports monthly to the Board according to a set of defined policies pertaining to GM responsibilities.

Aaron referred to the Annual Report, copies of which were available at the meeting, and highlighted the overview of financial data, with an emphasis on sales and contribution to the local economy.

Noting that the Board is responsible for carrying out the annual election, Aaron reminded owners the deadline to vote this year is Wednesday, July 3. The shift to e-voting last year resulted in double the voter participation rate from 9% to 18%. That said, paper ballots remain available by request in the store for owners who prefer that method.

General Manager—Kevin Gadsby referred to the Annual Report statistics, emphasizing that growth for a cooperative means when you reach certain milestones, you can do more to fulfill your mission. Over the past 3 years, the Co-op has grown wages by \$192,000 by gradually moving from a \$13 to \$15 minimum wage. Currently the average wage across the Co-op's 70-75 employees is \$16.50. Labor costs are over \$2 million per year, with the ratio of labor cost to total income on target at 23.5% for 2023. Acknowledging that inflation and cost of living have increased, Kevin continues to focus on wages and labor costs into 2024.

Kevin highlighted growth in sales and in ownership, with 387 new owners in 2023 for a total of over 2800 active owners. The Co-op gave back over \$165,000 to owners via discounts, FarmFresh Rewards, and the SHARE program.

Coming up on the 5th anniversary of the Co-op's relocation, Blue Hill Co-op's growth has earned widespread recognition, with our store listed by National Co-op Grocers (NCG) as one of the top 10 performing Co-ops from May 2023 to April 2024.

Owner Gigi Sarsfield asked about employee health benefits. Kevin responded that the Co-op currently offers a health and dental stipend and is looking into the pros and cons of replacing the stipend with a health insurance program.

Owner Tim Seabrook asked Kevin, "Looking 50 years ahead, what do you want to see?" Higher wages and owner investments paid back were top of mind for Kevin. Long-range ideas for giving back to the community could include a 2nd Co-op location and/or Co-op housing.

Treasurer—Tim Tunney reiterated impressive sales growth—noting double digits—combined with no new debt incurred, characterizing 2023 as a strong year. Debt from the refinanced relocation loans remains at a low fixed interest rate for the next 7 years, offering a glide path as the Co-op continues to redeem owner investment principal.

The Co-op is well positioned going into Summer 2024 with increased savings and no reliance on its line of credit (LOC). Historically, the LOC has provided a cushion for the Co-op during the shoulder season. Kevin added that previously, there has been a dip in activity from October-March that has required drawing on the LOC. Last year, the LOC draw was paid back from May-August at 8-9% interest. Heading into our busy season without that liability is a huge milestone and bodes well for the Co-op's financial position this year.

Tim outlined the investment redemption process, stating investments that have met their term requirement may be called for redemption by either the owner or the Co-op. When called due by the owner, the Co-op has a 60-day window to notify the investor of the timeframe for the decision. It is ultimately the Board's role to determine if the Co-op is in a position to authorize redemption. To facilitate an equitable decision-making process, the Board has enacted a 6-month cycle at the end of which any requests made will be considered for authorization at the next Board meeting. Requests made from January to June will be considered at the July meeting, and requests made from July to December will be considered at the January meeting.

Tim shared that the Co-op has applied for the IRS Employee Retention Credit (ERC); however, the number of fraudulent cases has caused an IRS backlog, so there is no way of knowing

if/when the Co-op will qualify for these funds. The Co-op's application was reviewed both internally and with our accounting firm, and we are confident in the calculations we submitted.

Open Owner Q&A. The remainder of the meeting was devoted to owner questions and comments.

Deborah Wiggs asked if there will be a time when investment redemptions happen automatically without request. Tim said the Finance Committee will consider the wisdom of retiring eligible investments if the Co-op's financial situation allows for that option. Jennifer Wahlquist Coolidge suggested the Board make information available on the Co-op's website about investment redemption and dividends.

Gigi Sarsfield inquired about the status of dividends. Tim replied that investment dividends have priority over patronage dividends but can only be authorized when the Co-op has sufficient annual net income. Kevin offered to reach out to Gigi to discuss further. Aaron reminded everyone that the Co-op would not have succeeded in its relocation without the strong support of so many owners. Jen Traub added that Board members figure among the group of owner investors, as well.

Deborah Wiggs inquired if the Co-op has enough employees. Kevin responded that keeping the food service area fully staffed has been a challenge, as experienced by other Co-ops, as well. Deborah asked if the Co-op would consider leasing out the cafe to be run as a restaurant, suggesting the space has a lot of potential. Kevin said a consultant is helping the Co-op sort out potential scenarios and streamline processes. Angela Faneuf asked what the biggest hurdle is to cafe staffing, and Kevin said there are variables besides the number of employees. He is working with the consultant to map out efficiencies.

Jennifer Coolidge offered information on the SHARE program, which stands for Supporting Households and Reaching Everyone. Those who receive state aid qualify for 10% off all groceries except alcohol and periodicals. Shoppers must be Co-op owners to use the program.

Tim Seabrook commented that "small things matter." Reflecting back to the early days of the Co-op as a buying club using a Sedgwick storefront, he said "it blows my mind that we have all this luxury." Leslie Cummins was the first manager of that store. He appreciates all the little steps going from that tin cash collection box to the 1st cash register to today and is proud of "what we can do versus that scrappy buying club." Chris Ramsay echoed Tim's sentiment that the Co-op has come a long way, recalling the buying club was heated by a woodstove, had no running water, and received only a monthly delivery. Aaron expressed gratitude for the early history of the Co-op, and Jennifer Coolidge announced August 10 as the Co-op's 50th

anniversary celebration event. The event will include storytelling and special demos. Jo Barrett pointed out that the 50th anniversary timeline counts back to those early buying club efforts.

Jennifer Coolidge shared her pride in the Co-op's regional reach. She said other co-ops look to Blue Hill Co-op as an example of success and ask for advice in addressing problems that come up. She feels the Co-op is doing good not only in this community but also further afield.

Deborah Wiggs added that the Co-op has an impact on the landscape of Hancock County and the number of farms, farmers and food producers in the area. We have raw milk here that is illegal in some states, and we can access products that are not available in other places. Her personal wish is to see the Co-op further embrace local farms and their information.

Jo Barrett identified the three candidates running for Board re-election, noting that the voting period has been extended beyond the Annual Meeting so owners could meet the candidates.

Leslie Cummins asked, with the Co-op's favorable cash position, is there a temptation to spend money, and who weighs in on those decisions? Kevin responded that any surplus in savings at this time would go toward repaying investment principal. He underscored that Board/GM policies and Finance Committee oversight do not allow for frivolous spending.

Deborah Evans invited owners to attend monthly Board meetings, during which there is "Open Owner" time on the agenda for questions and feedback. Tim Tunney added that the Board serves as representatives of owners, and feedback is welcome. The Board worked hard to support the relocation and has benefitted from Kevin's steady leadership throughout. This stability, and all the preparation involved, resulted in "exquisite" timing, with the new store fully operational before COVID and the notable influx of year-round households to the area.

Meeting Adjourned: 6:54PM

Next Board Meeting: Board Meeting Thursday, July 25, 2023, 6:00PM, Blue Hill Co-op, Café.
Minutes submitted by Jennifer Traub.