

Belfast Community Co-op Board of Directors Special Meeting

December 13, 2022, Public meeting commenced at 7:00 pm via Zoom teleconference

Directors Present: Kristin Clements, Ernie Cooper (vice president), Susan Cutting (president), Marion Grahek, John Krueger (treasurer), Elaine Mack, Valerie Tate (secretary)

Absent: Sasha Breus, Cristiane Gil, Charlie Pattavina, Collin Thompson

Staff: Doug Johnson (GM), Emily Berry (scribe)

Agenda

1. Welcome
2. Update on construction costs and loan increase
3. Finance Committee recommendation
4. BOD Q&A
5. Decision

The BOD approved the agenda by consensus.

Construction & Loan Update

Doug recently received a more concrete assessment from Warren Construction and there was a fairly significant increase in construction cost. A major increase came from the duration of the project, first estimated at 8 months, currently estimated to take 12 months. Doug does expect that in the next round of assessments with the contractors the project could be scaled back to the 8 month time-frame. Currently Doug and the renovation partners are in the process of value engineering, cutting away what they can, without materially changing the project. Doug reached out to CFNE to discuss loan options in the face of the increased costs. CFNE offered to expand the full loan from \$3.25M to \$4M, keeping the terms and rates close to the original negotiations. The loan breakdown has the CFNE portion increasing from \$2M to \$2.25M and the Coastal Enterprises portion increasing from \$250K to \$950K; the LEAF portion will remain at \$1M. The rate on the new loan will be 5.28%, up from 5.25%. John Foley, a finance specialist for NCG, and Dave Blackburn, of the NCG DC, have both vetted the updated pro forma with the new construction estimates and potential loan expansion and it continues to show success.

Finance Committee Recommendation

Ernie, Matt, and John met with Doug to discuss the increases and while there was an initial sticker shock the pro forma continues to be solid and the numbers are still good. John ran multiple stress tests on the updated pro forma to confirm success. Additionally, our renovation team and loan partners still see this project as successful and they have no incentive to go forward with or support a project that they cannot assess as successful. Both John and Ernie spoke during the meeting to recommend the BOD accept the loan increase.

Q&A

Should the BOD consider increasing the capital campaign goal? Currently, there is no plan to increase the goal of the Capital Campaign. If there is a need to solicit owner loans beyond the \$1.5M goal in the future, that would most likely be a new campaign.

What is the timeline for drawing down the Co-op's cash reserves? There is no specific timing on using the cash, funds from the loan would be drawn first.

Decision

The BOD accepted by consensus the CFNE loan expansion from \$3.25M to \$4M.

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Meeting adjourned at 7:46 pm. Minutes respectfully submitted by Emily Berry, scribe.