

Belfast Community Co-op Board of Directors Meeting Minutes

April 15, 2024. Public meeting commenced at 7:04 p.m. via Zoom.

Directors Present: Ernie Cooper (Vice President), Susan Cutting (President), Rio Greeley, John Krueger (Treasurer), Valerie Tate (Secretary), Collin Thompson, Todd Bluhm, Charles Sterbach, and Babette Cohen-Solal

Directors Absent: Jim Miller, Corinne Burr

Staff: Doug Johnson (GM)

Owners: Gina Ferendo, Michael Walter, and Jane Anderson

Preliminaries

Susan welcomed everyone, declared a quorum, and referred attenders to the Ends, Ground Rules/Working Agreements in the chat.

Agenda Review

The BOD accepted the agenda by consensus.

Owner Comments

None

Board Action Item: Consideration of Approval of Line of Credit

Introduction

Board Treasurer John Krueger brought a recommendation from the Finance Committee for a Board endorsement of a proposed agreement with the Cooperative Fund of the Northeast (CFNE) for a \$400,000 line of credit with a fixed rate of interest of 7%.

John provided the Finance Committee's rationale for the recommendation that developed during its meeting with GM Doug Johnson and renovation project manager Declan O'Connor.

While our existing contingency is expected to be sufficient, the line of credit would be a precautionary measure to assure operating capital in case unexpected complications in the renovation project require cash. At this time, the project is on track with approximately 70% of the project completed and approximately 30% of the contingency remaining.

The pro forma indicates little long-term effect on paying back loans, even if the entire \$400,000 line of credit were spent, while still increasing salaries to keep up with the increased cost of a living.

The improved efficiencies of a renovated store are expected to significantly improve margins.

The Finance Committee discussed the possibility of another capital campaign for owner loans at lower interest to pay down the line of credit if it were used.

Board Discussion

Questions came up from Board members about the structure and terms of the line of credit, such as variable or fixed rate note, interest only, pay off without penalty, lower interest with a shorter term, and ability to refinance over the length of the loan without underwriting fees. Doug said that we won't know the terms under consideration until after the CFNE loan committee meets. Negotiations may be possible.

Board members commented that this is about cash flow for the Co-op. And the most important thing for our construction project is cash on hand. The Co-op will be saving \$30K a year in energy expenditures. We may bring in

other efficiencies through new systems for HR, inventory, and other opportunities through Columinate, other Co-ops, and/or NCG systems management.

There was a question about how more efficiency would affect worker hours. Doug said that the Co-op has been hovering around the same number of workers for about 5 years, yet we have been able to grow sales each year. The ideal is to keep the same number of workers and pay them well; not reduce the number of workers or their hours.

There was a suggestion that the Co-op check on legal requirements for potential owner loans in the future. Doug agreed that this was a good idea.

Decision

The Board agreed by consensus to endorse an extended line of credit from CFNE for the BCC renovation by \$400,000 at an interest rate of 7%.

Owner Comments

None

Homework

1. Doug will reach out to Bernstein Shur about potential owner loans.
2. Doug will find out, if there is no penalty for pre-payment of principal, if we could go, after the fact, to owners who would be willing to loan at a lower interest rate, i.e. implement an internal refinancing option.

Debrief

None

Adjourned 7:36 p.m.