

**ASM Board Meeting
September 27, 2018
McKie Community Center**

Attending:

Directors – Kristen Barker, Caitlin Burnett, Marilyn Evans, Heather Zoller [on phone], Nichole Banks, Ellen Vera

General Manager - Christopher DeAngelis.

Community Owners - Heather Sturgill, Phil Amadon

Others – CUCI Financial Analyst Andres Contreras

1. Initial Business

- Check-Ins
- Approval of agenda with table of Annual Meeting Debrief and agenda item “Lessons Clifton Market has taught ASM” to the following board meeting, and re-ordering of other agenda items
- August 30 Board Meeting Minutes approved by Board. 5 yeas, 1 abstentions, 0 nays

2. Community Owner Report

- 9 new Community Owners
- 1 request for buy back was approved at prior meeting. Christopher will reach out to confirm address.
- 3 Subordinated Loans made in September for a total of \$11,000 in subordinated notes

3. Status of Project

- NEST has paid \$5,000 in earnest money to the owner of the 4145 Apple Street site.
- We have reached a stage in the project where a clear line between the roles of NEST and Apple Street is imperative to preserve funding for acquisition and construction. To that end John Kornbluh wrote an email communicating his transition from working for Apple Street Market to working for NEST; this will not change the need for a building committee for the project but it must be considered NEST’s building committee which Apple Street participates in.
 - “Please accept this email as formal notice that my role in the Apple Street Market project is transitioning. Within the next day or two I will sign an agreement to provide Pro Bono Consulting Services to NEST relating to the acquisition and renovation of the building at 4145 Apple Street. At this point, I will no longer provide pro bono services directly to Apple Street Market. Instead, moving forward, I will report to and follow the direction of NEST.
I have been extremely grateful for the opportunity to have contributed my time and services to ASM in the furtherance of this important project and am eager to continue to assist the project in my new role as it moves forward.”
- Community Owner Phil Amadon asked the board for assurances that the labor standards laid out in Apple Street Market’s approved invitation to bid would be upheld under this new arrangement.
- Appraisal: if the appraisal is more than 10% under the prior purchase price, this will create difficulty for closing on the sale of the property. NEST will attempt to negotiate.

- Even assuming that there is little material difference between the appraised value of the site and the previously agreed upon purchase price, the time it has taken to acquire the property has increased holding costs for the current owner and thus lowered the amount of funds the property owner will contribute to the project after the sale
- Asbestos bidding is paused until the appraisal is completed. It will not impact the timeline because it merely needs to be complete before construction begins.
- Two weeks ago two documents were submitted to the Finance Fund:
 - The new market study conducted by AWG that projects the store achieving \$63,000 in the last week of its first year of operation;
 - and a revised Proforma that projects an average of \$59,000 in sales for the first year and \$63,000 in the second year.
- There are two potential bottlenecks in the timeline for Apple Street Market:
 - Finance Fund may choose to offer a smaller loan than the amount proffered in their term sheet to NEST, if this occurs it will take additional time to secure the funding to fill the gap left by a smaller loan
 - Acquisition of the property.

4. General Manager Financial Report

Total unrestricted funds on hand is \$14,064.51, this excludes a \$20,000 grant for refrigeration equipment currently deposited in the cooperative's Savings account. Estimate for 2018 monthly administrative and project management expenses is \$4,124.04. Estimate for 2019 monthly administrative and project management expenses is \$4,284.61.

\$11,000 of the unrestricted funds are a combination of loans and large donations for subsidized shares, and were given with the intent of funding the first two months of

- Administrative and project management expense (\$10,000)
- of fundraising expenses (\$10,000)
- expenses to update our operational, marketing, and merchandizing plans to accommodate the lower sales projections we are now working with (10,000)

General Manager Christopher DeAngelis reported that Apple Street Market needs to raise another \$30,000 in October to fund these activities, minus the \$11,000 already raised. Fundraising Committee Chair Caitlin Burnett corrected the amount needed for fundraising per her prior report, raising it from \$10,000 to \$14,000.

The General Manager and the Fundraising chair asked each Director of the board to offer how they individually may raise funding towards this target. The Board of Directors then discussed how to best raise these funds in the immediate future.

General Manager's written report included updates on institutional funding sources

The Seton Fund has begun a review of the cooperative's loan application. Having loan funds available (and paying interest on them) available at a the later date of five months prior to opening would be better than an earlier date. We are requesting approval of a loan now will be much more beneficial to the cooperative as it will make closing on NMTC financing much easier.

General Manager Christopher DeAngelis met with Veronica Saldana, Senior Business Development Officer at Self Help Credit Union, whose department deals with lending to grocery stores. Self Help Credit Union has a history of lending to grocery stores in food deserts, but would require collateral to do so.

Micha Josephy from the Cooperative Fund of New England (one of the three CDFI's that specialize in funding both worker cooperatives and food cooperatives, the other two being Shared Capital and LEAF), spoke at length to Christopher about U.S. Department of the Treasury's Healthy Food Financing Initiative (HEALTHY FOOD FINANCING INITIATIVE).

5. Financial Statements Reviewed

Board President Kristen Barker noted an apparent error in how the refrigeration grant from Interact for Health was recorded in the financial statements. General Manager Christopher DeAngelis and Treasurer Ellen Vera will report on the resolution of this error at the next board meeting.

6. CDS Consulting Co-op Proposal

General Manager Christopher DeAngelis urged the board to approve a proposal from CDS Consulting Co-op to assist in revising operational plans and pro forma assumptions on the condition that the cooperative raised \$34,000 in subordinated Community Owner Loans and Subsidized Share Donations. The General Manager noted that there was a one in ten chance that the consultation may result in recommendations for changes to the floor plan, creating a sense of urgency to raise said funds earlier rather than later. The Board tabled the to allow time for the General Manager to address concerns raised regarding the experiences of similar projects with the aforementioned consultants.

7. Building Condition Downed Tree and Graffiti

- a. Weeds cut for the annual meeting
- b. Some of graffiti got taken down
- c. Weather permitting downed tree and rest of Graffiti will be removed in October

8. Communications Committee

The Committee has contracted with UCommunicate and met with the UCommunicate intern this week.

The committee continues to work on social media outreach, fundraising materials, and our creative brief/style guide.

9. Fundraising Committee

Per the Fundraising Committee report in at the August Board Meeting that the Fundraising Chair would propose contracting with Fundraising Consultant Katie Novak and Fundraising Coordinator once another \$11,000 was raised, a proposal was made and seconded to contract with Fundraising Consultant Katie Novak and to initiate a hiring process for a Fundraising Coordinator.

Proposal Passed: 6 yeas, 0 absentions, 0 nays

10. Employee Status and Tax Liability

The Board's HR Committee has changed its membership to Directors Kristen Barker, Caitlin Burnett, and Community Owner Heather Sturgill. The Committee has started negotiations with the General Manager on an employment contract, has met once with the General Manager and is scheduled to meet with the General Manager again on the October 9.

The question regarding contractor status has yet to be addressed with the IRS. Kristen committed to reaching out to the IRS.

11. Discussion on election of Board Officers by Directors, formation of a Finance Committee, and recruitment of new Directors.

Board discussed the formation of a Finance Committee comprised of Vice President Marilyn Evans and Treasurer Ellen Vera. This led to a discussion of the need for election of Officers by the current directors. It is a best practice that a cooperative board to determine a length of term for the holding of an officer position on the board that allows for newly elected directors to participate in the selection of officers. This has yet to be done since the election. This in turn led to a discussion of the need to recruit new Directors for appointment to the incubator seats. Currently the board is comprised of one permanent seat for a representative of CUCI, 3 elected seats drawn from Community Owners by election, and 7 incubators seats appointed by the representative of CUCI. There are currently five seats held by appointees, leaving at least 2 vacancies, not including an emeritus position. Kristen Barker invited and introduced CUCI Financial Analyst to attendees as a potential candidate for appointment. No decisions were made at this meeting.