



**Meeting:** HHI Board of Directors Meeting

**Date:** September 19, 2023, 8 a.m.

**Present:** Tara A. Ellis (President and CEO), Lamont Williams, Ashley Rowe, Sharon Barilec, Amber Boll

**Staff:** Heidi Cheston (CFO), Don Rudewicz (GM), Siobhan Maloney (scribe)

Williams called the meeting to order at 8:05 a.m.

He asked each board member to introduce themselves. Ellis introduced Don Rudewicz, the General Manager in the commissary.

Ellis expressed her excitement about the work that this small but mighty board will be capable of now and in the future.

#### **Financials:**

Cheston highlighted a few key elements from the Financials. These cover the first four months of service; April 1 to July 31, 2023.

- She explained that source of the seed money and pointed out the donated food line.
- Total revenue shows \$4.9 M
- However, the real revenue is \$2.4 M, plus \$52,000 in in-kind donations
- She referred to the purchased food line and explained the weekend boxes.
- The wrapping and packaging cost is included
- Gross income totaled \$3.3 M. This would be 1.4 M less if you backed out the support
- Salaries and fringe is 15% of the budget and the second largest expense
- One-time costs include legal representation, professional fees and uniforms
- Fuel costs will be generally consistent
- Occupancy refers to maintenance
- Operating expenses \$2 M, operating income is \$2.15 M

She went on to explain that August showed less of a loss. This will be shown on future financials. We have estimated the first 12 – 18 months to be this way.

The fleet had to be purchased through FeedMore for the tax exemption, it will be granted to HHI by the end of the year.

The Statement of Cash Position is based on two months of meals that the agency owes; this was paid on Aug 1. Boll asked for a further explanation; Cheston explained that the HDM and Congregate dining contracts are subcontracts through FeedMore (Agency) and normally it would be paid within 15 days of month end to close out.



Inventory mainly applies to dry goods and packaging.

The seed funding from the FM Foundation will hopefully be paid back in time, but there is no repayment deadline, as we are a child company to them under the FeedMore umbrella.

Williams called for a vote to approve the financials; Barilec and Rowe made first and second motions, respectively to approve. Motion passed unanimously.

Ellis reminded the board members to reach out to Maloney with any issues accessing the Board Portal.

#### **The Report of the President:**

Ellis shared the work that went into getting HHI up and running in April. The pre-work which consisted of a wide range of activities from creating SOPs to creating a handbook and hiring to dealing with union representatives as a portion of TRIO employees were in a labor union under Rochester United workers.

Ellis explained it is the same union responsible for the Starbucks union, Remedy House and Lexington co – op.

She shared that we have retained counsel from two different law firms to ensure we have two opinions on all decisions. This did mean we paid double, but we believe it was well worth it. These costs will not be ongoing at the same rate we paid during the first four months.

The TRIO benefits were a bit shameful, they did not pay out vacation. They only offered 5 vacation days a year. They paid minimum wage. We have started every employee earning at least \$16 an hour, with plans to increase pay at the six and 12 month mark. This is challenging as we know that Wendy's (for example) will pay \$17 or 18. However, we believe the M – F core business hours is a benefit. We could not hire the TRIO GM or QA Manager as they had non-competes.

We did group calls weekly for months leading up to the exit. Luckily, we owned a majority of the items in the commissary. We did obtain some of their equipment that did not belong to us via donations from TRIO which was a huge win.

Ellis shared an update about the positions that were filled and the management roles. She shared the sad news that Jim, who was hired as the QA manager recently had to make the decision to give notice, as his wife was diagnosed with cancer. Our HR manager has already started the search to fill this role.

We have encountered significant challenges back there requiring remediation. Hundreds of thousands of dollars have been spent on remediation dating back to Bateman. At this time we are unable to produce Ready to Eat (RTE) meals due to this condition. We have been



supplementing meal deliveries with pouches of tuna and other pre-packaged items, which are more expensive.

The drains in our future building will be larger and will allow for more thorough cleaning. We need industrial sized drains, not just commercial, which we currently have. We have done several analyses to determine ways to remedy this issue.

We hope that consistency in management will contribute to consistency across the board. We have not announced a pay increase to employees yet, but we plan to increase the wages of those who have reached 6 months with us and are in good standing.

We hope this leads to a boost in morale. We plan to continue train the HHI employees to save for their future. We are so proud to be able to offer a monthly contribution of \$350 to their 403(b) accounts for those not taking health care and also to have grandfathered all staff in to the immediate 403b matching program, but we aren't sure the value is being fully understood.

The previous labor Union filed a charge with the National Labor Relations Board, as we did not acknowledge them. They have since withdrawn this charge, but we know they are able to re-file as long as it's done by December 16.

At this time, we know that the former (TRIO) union steward declined to help.

Barilec expressed concern with the upcoming QA manager vacancy, as she knows how critical this role is.

Williams asked if there is anyone we could promote from within, Ellis and Rudewicz say that there is not.

Rowe wondered if we could put a price on remediation of the current facility, regarding the condensation, etc; Ellis explained that we did attempt to put a dollar amount on in the past but do not have a current dollar value that could be accurate.

### **Capital Campaign:**

Ellis explained that we are still in the quiet phase with \$66.3 million in / pledged.

The government funding will come in reimbursements.

The plan is to go public with a small press conference on September 27. Our first corporate donor, Delaware North will be joining.

Ellis shared details about the successful NYS delegation meeting. We do plan to ask the state for more in the upcoming budget.



We have several other corporate asks out. We hope the news of the public phase and the excitement around the groundbreaking inspire more donations.

We will be starting amidst several other large projects, namely the building of the new Bills Stadium. Our goal is to break ground in the spring of 2024. With that in mind, bidding will begin this winter.

She was glad to announce that we have heard from several vendors who have expressed an interest in bidding and have stated that they will offer lower pricing because they believe in our mission.

With no further business to address, Williams made a motion to adjourn at 9:03 a.m. Rowe made a second motion.

Minutes submitted by Siobhan Maloney

Minutes reviewed by Lamont Williams