

MINUTES October 28, 2015

Present: Michael Bettmann, Harrison Drinkwater, Margaret Drye, Victoria Fullerton, Kay Litten, Benoit Roisin, Anthony Roisman, John Rosenquest, Susan Sanzone Fauver, Brett Tofel
Absent: Sarah Blum
Staff: Terry Appleby, Anthony Alongi, Eugenia Braasch, Ed Howes, Mark Langlois
Members: Antoinette Jacobson, Donald Kreis, Ryan Scelza, Robert Spottswood

Margaret called the meeting to order at 6:05 p.m. in the Richard Black Community Center, Room 212. She noted that the Co-op Board meeting is not public and requested that no filming or recording take place. The members and staff introduced themselves.

Agenda Review & Changes

The EL2 policy was moved ahead of B-GM 2 and B-GM 3 in the policy monitoring sequence.

Co-op Stories

Kay noted a *New York Times* ad announcing that the recreational equipment retail cooperative REI will be closed on ‘Black Friday’ this year, encouraging its members to spend time in nature rather than in its stores.

Tony and Victoria commented on the World Health Organization report, released this week, linking processed meats consumption to cancer; they suggested that the Co-op provide education about this topic.

Harrison, Susan, Margaret, Kay, and Terry learned about the cooperative movement during the civil rights era during Cooperative Hall of Fame member David Thompson’s visit and talk last week at the Lebanon Culinary Learning Center. Harrison said that he was introduced to the cooperative model at Penn Center, St. Helena Island, South Carolina. Thompson met with Susan, John, Harrison, Margaret, Kay and Terry to discuss the Twin Pines Foundation / Hanover Cooperative Community Foundation philanthropic activities.

Observing Co-op month worldwide, Genie read a 1956 newsletter report from General Manager Harry Gerstenberger, about attending the CCMA conference in Chicago.
I left Hanover thinking that I had done, perhaps, all that I should do regarding expansion, etc., and that the rest would be entirely left to the membership. However, after being exposed to co-op leadership, hearing thrilling reports on co-op expansion in many parts of our country from various managers, visiting the Hyde Park Co-op in Chicago and spending one day in Waukegan visiting their wholesale milk plant, and several branch stores – and because my belief in the cooperative idea is so strong – I came back with more enthusiasm than ever. I KNOW that we have here in Hanover an opportunity to use the cooperative system for our mutual benefit and the benefit of the whole community...

Consent Agenda: September 28, 2015, meeting minutes, September 30, 2015, meeting minutes, and October 20, 2015, Share Redemption Request

MOTION: Michael moved to approve the September 28, 2015, meeting minutes, the September 30, 2015, meeting minutes, and the October 20, 2015, Share Redemption request as written.

Kay seconded the motion.

VOTED: To approve the September 28, 2015, meeting minutes, the September 30, 2015, meeting minutes, and the October 20, 2015, Share Redemption request as written.

8 in favor, 0 opposed, 2 abstained, 1 absent.

The motion passed.

General Manager Update

MOTION: Benoit moved to authorize the resolution for the job training fund contract.

Michael seconded the motion.

VOTED: To authorize the resolution for the job training fund contract.

10 in favor, 0 opposed, 0 abstained, 1 absent.

The motion passed.

The resolution authorizes Terry to accept the funds, on behalf of the Co-op, awarded for a State of New Hampshire job training grant. All Co-op managers will take the monthly classes about communication, evaluation, and management styles.

Terry posted the National Cooperative Grocers member agreement on the Board SharePoint site for Board member review.

Terry explained the new member statistics and the sales tables in the monthly update report. He told the Board that the high turnover rate of entry level employees is a persistent challenge, chronic in the grocery sector, and amplified by low unemployment in the Upper Valley.

The Neighboring Food Co-op Association held its fall gathering last weekend with David Thompson as the keynote speaker. Terry, Kay, Margaret attended.

Terry attended the *Cooperatives Vermont* meeting in Montpelier last week and met representatives from a variety of cooperative business sectors.

Terry encouraged Board members to attend the Hanover Store renovation celebration on October 31st, from 11:00 a.m. – 2:00 p.m.

Member Comments

No comments were offered.

Policy Monitoring

EL 14 Cooperation with Upper Valley Food Co-op

MOTION: Michael moved to accept the EL 14 monitoring report as demonstrating compliance.

Susan seconded the motion.

VOTED: To accept the EL 14 monitoring report as demonstrating compliance.

10 in favor, 0 opposed, 0 abstained, 1 absent.

The motion passed.

Terry said that he has a very strong working relationship with the Upper Valley Food Co-op General Manager, Sue Miller, they communicate regularly and meet quarterly.

GP 9 Working with Neighboring Co-ops

MOTION: Kay moved to accept the GP 9 monitoring report as demonstrating compliance.

Michael seconded the motion.

VOTED: To accept the GP 9 monitoring report as demonstrating compliance.

8 in favor, 0 opposed, 2 abstained, 1 absent.

The motion passed.

The Neighboring Food Co-op Association plays a pivotal role in facilitating the requirements of this policy. Kay Litten serves as the NFCA Board of Directors Secretary and the Hanover Co-op regularly offers outreach, including hosting the annual NFCA Board retreat at its Buck Road administrative site.

GP 11 Joint Board-level Committee

MOTION: John moved to accept the GP 11 monitoring report as demonstrating compliance.

Susan seconded the motion.

VOTED: To accept the GP 11 monitoring report as demonstrating compliance.

9 in favor, 0 opposed, 1 abstained, 1 absent.

The motion passed.

Margaret and Terry informed the Board that they initiated resolution of some Upper Valley Food Co-op Board members' objections to the GP 11 Joint Board-level Committee policy at a meeting last fall. Board members from both co-ops who attended the CCMA conference in Boise last June traveled together and interacted during that gathering.

When questioned about the competitive/cooperative nature of the two organizations, Terry affirmed his belief in the cooperative principle "Cooperation Among Co-ops: Cooperatives Strengthen the Cooperative Movement by Working Together". The topic of product recalls was raised.

A gathering with the Upper Valley Food Co-op at the Lebanon store Culinary Learning Center was proposed for November and the Board agreed to participate.

A suggestion was made to combine the GP 8 and GP 11 policies. No action was taken.

The meeting adjourned at 7:25 p.m., then resumed at 7:35 p.m.

EL 2 Financial Condition and Performance

MOTION: Michael moved to accept the EL 2 monitoring report as demonstrating compliance.

Kay seconded the motion.

VOTED: To accept the EL 2 monitoring report as demonstrating compliance.

8 in favor, 2 opposed, 0 abstained, 1 absent.

The motion passed.

In response to a comment that sales levels were disappointing, but understandable, thus far this year, CFO Tony Alongi explained that Co-op profits occur in the fourth quarter, based on holiday entertaining and food shopping. It was also noted that financial health of the Co-op is undermined through member owner A-share redemption requests as well as the expectation for an annual patronage refund, which deplete Co-op capital.

Hanover store sales dropped 22% from prior year levels to date due to the construction/remodeling project. Management cautioned the Board that the earlier expectation for a 6% rebound in sales might be unrealistic. All agreed that the Co-op needs to build a new clientele at the Hanover store.

When asked about Service Center profitability, Terry outlined the profit margin pattern for the gasoline business (generally margins increase as gas prices decline.)

The Community Market net savings from operations is positive this year to date if interest is excluded.

Board and Management agreed that the Co-op needs to communicate and educate members about the Co-op's basic business model and its financial situation. Cash is the perennial concern, and discussion centered on the need to build the Balance Sheet over multiple years, the impacts of the Hanover store construction costs, changing clientele and evolving shopping patterns. Board members indicated that they want to talk with members about the value of Co-op membership and finances, need the tools to do so, and noted the value of a comprehensive plan for educating and communicating about this topic.

Board-General Manager 2 Accountability of the General Manager
Board-General Manager 3 Delegation to the General Manager

MOTION: John moved to take the B-GM 2 and B-GM 3 monitoring reports off the table.

Tony seconded the motion.

VOTED: To take the B-GM 2 and B-GM 3 monitoring reports off the table.

10 in favor, 0 opposed, 0 abstained, 1 absent.

The motion passed.

MOTION: John moved to table action on the B-GM 2 and B-GM 3 monitoring reports to the next regularly scheduled Board meeting.

Michael seconded the motion.

VOTED: To table action on the B-GM 2 and B-GM 3 monitoring reports to the next regularly scheduled Board meeting.

7 in favor, 2 opposed, 1 abstained, 1 absent.

The motion passed.

Board members clarified attribution for some of their comments in the packet.

FY 2016 Board Budget

MOTION: Benoit moved to approve the FY 2016 Board Budget.

Susan seconded the motion.

VOTED: To approve the FY 2016 Board Budget.

10 in favor, 0 opposed, 0 abstained, 1 absent.

The motion passed.

John reviewed the proposed FY 2016 budget, saying that many expenses are pretty fixed and the Board needs to be fiscally disciplined; two budget increases are associated with legal counsel fees and potential recruiting expenses for the next General Manager.

Discussion

Nominating Committee

MOTION: John moved to appoint the Nominating Committee members as Kay proposed.

Kay seconded the motion.

MOTION: Tony moved to table the vote until the next meeting until Kay casts a wider net for proposed membership of the Nominating Committee.

Harrison seconded the motion.

VOTED: To table the vote until the next meeting until Kay casts a wider net for proposed membership of the Nominating Committee.

4 in favor, 6 opposed, 0 abstained, 1 absent.

The motion did not pass and the vote was not tabled.

VOTED: To appoint the Nominating Committee members as Kay proposed
5 in favor, 4 opposed, 1 abstained, 1 absent.
The motion passed.

Kay described four members who agreed to serve on the Nominating Committee: Michael Bettmann (Board member, Nominating Committee member 2014), Dale Shriver (former Board member, Nominating Committee Chair 2011 and 2012), Rosemary Fifield (Member Services Director emerita), and Joan Wolter (member-at-large).

Kay was questioned about the committee selection process and then accused of stacking the membership of the committee towards selection of candidates on the slate that would replicate the current Board. She asserted that no one on the proposed committee has a preconceived agenda and the committee will not operate in isolation. A series of heated remarks ensued, including the question of whether a member of the Concerned About The Co-op group was asked to participate. It was pointed out that one constituency group should not be considered over another subgroup in the membership. The Board decided to explore the option of changing/amending the list at a future time. A board member then instructed a CATC member in the audience to provide him with names of potential Nominating Committee members.

Co-op member Ed Howes expressed serious concern about the possibility of a compromised election process if the Nominating Committee has any constituency group representation on it.

Hanover Cooperative Community Fund

Susan appreciated the opportunity to meet with David Thompson last week, saying that she learned a lot about the goals and practices of the HCCF. The committee will meet soon.

Communication Task Force

Tony said that he and Sarah met twice. The committee composition, mission, and plan are yet to be finalized.

Succession Planning

Michael asked Harrison, Susan, and Elizabeth Dykas to serve on the committee. He seeks seven committee members in all and asked the Board for their suggestions. The search will be initiated by a series of member forums, beginning in January.

Administrative Matters

A pre-audit meeting with Steve Austin and Garth Allen, November 18th, 5:00 p.m.
Board SharePoint training session with Brian Davis.

Board Packet Dissemination

MOTION: Brett moved that the Board put a suitable version of the Board packet on the web page at least two days prior to the Board meeting.

Tony seconded the motion.

Margaret ruled the motion out of order, noting that previous similar requests were tabled because this topic is to be considered by the Communication Task Force and because the topic is not on the meeting agenda. Brett asked whether the topic could be placed on the November meeting agenda.

Adjournment

MOTION: John moved to adjourn the meeting at 9:40 p.m.

Susan seconded the motion.

VOTED: To adjourn the meeting at 9:40 p.m.

10 in favor, 0 opposed, 0 abstained, 1 absent.

The motion passed.

Respectfully submitted,

Eugenia F. Braasch
Board Administrator

Harrison Drinkwater
Secretary