

MINUTES April 22, 2015

Present: Kerry Artman, Michael Bettmann, Sarah Blum arrived at 5:45 p.m., Margaret Drye, Martha Graber, Kay Litten, Zeb Mushlin, John Rosenquest, Susan Sanzone Fauver (left at 8:30 p.m.), Wynne Washburn Balkcom left at 8:10 p.m.

Absent:

Staff: Terry Appleby, Tony Alongi arrived at 7:00 p.m., left at the start of the Executive Session. The following staff arrived at the start of the meeting and left at the start of the Executive Session: Eugenia Braasch, Amanda Charland, Rosemary Fifield, Lori Hildbrand, Ed Howes, Paul Lambe, Steve Miller. Tony White arrived at 6:55 p.m., left at 7:00 p.m.

Members: Dottie Anderson, Lois Beatty, Roberta Bernier, Jake Blum, Susan Blum, Nancy Carter, Marta Ceroni, Cynthia Danner, Molly Drummond, Victoria Fullerton, Anne Garrigue, Jackie Gordon, Paul Gordon, Armin Hellish, Antoinette Jacobson, Donald Kreis, Nancy Leavitt-Reibel, Elizabeth Lum, Scott McGee, Paul Meaney, Benoit Roisin, Tony Roisman, Lynn Schad, Lisa Solbert Sheldon, Brett Tofel, Ulrike von Moltke, Rod Wendt, Stacy Wilson, Michael Yacavone

Welcome

Margaret called the meeting to order at 5:38 p.m. She noted that the Co-op Board meeting is not public and requested that no filming or recording take place. Board members introduced themselves.

Agenda Review & Changes

The Governance Process policy monitoring was approved by consent agenda.

The review of the 2014 – 2015 Board priorities was tabled.

An election update was added to the agenda, and the member comments were received following the update.

Co-op Stories

Kay described two books about the national meat supply chain: *The Chain*, by Ted Genoways, and *The Meat Racket*, by Christopher Leonard. She appreciates the local meat, with sourcing information, available at the Co-op.

Susan appreciated having a chair massage recently at the Lebanon store, a fun Co-op employee benefit. Zeb recently visited the Carbondale, CO, food co-op, a start-up venture in that small community that just passed its first anniversary.

March 25, 2015, Meeting Minutes

MOTION: Martha moved to approve the March 25, 2015, minutes as written.

Susan seconded the motion.

VOTED: To approve the March 25, 2015, minutes as written.

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

The motion passed.

Allen and Nan King Award Presentation to Rod Wendt

Margaret explained purpose of the King Award for Community Service; Allen and Nan King both served as President of the Co-op, as well as the larger community. Terry described Nan King's tenure during the 1970s, when the Co-op was deeply divided about the sale of California lettuce and grapes; her loyalty and leadership helped the Co-op resolve its differences.

Margaret introduced Rod Wendt, saying his community service with the Upper Valley Interfaith Project exemplifies his concern for the elderly and for those with modest income. Rod thanked the Co-op for the honor, saying that he, in turn, selected the Grafton County Senior Citizens Council as the recipient of the King Award \$500. donation to a local non-profit. He noted that the NH legislature is considering 50% reduction in support to the GCSCC (putting the organization in jeopardy) and questioned the merit of “balancing the state budget on the back of seniors”. GCSCC Executive Director Roberta Bernier then thanked the Co-op for the recognition and the honorarium; she described the services provided to 8,500 seniors annually, including 42,000 rides/year, 500 meals delivered/day, by 973 volunteers.

The meeting broke for dinner at 6:00 p.m.

The meeting resumed at 6:35 p.m.

Update

Board Election

Margaret made the following statement to the members:

The Co-op Board would like you all to know that we do not condone Tony White’s letter. We had no knowledge of it. It is his personal opinion. It does not represent the views of the Board, Management, or the Co-op. The Board regrets any ill will that this has caused.

We have full confidence in our election process. The electronic balloting, though it has had some glitches, is a secure system. There is no way that anyone can make a correlation between a member and how that member may have voted. The paper ballots are being received, collected and verified by an audit firm. The firm is the only entity that has keys to the ballot box. The envelopes are checked to make sure that the member’s name and number are correct and that the member is a valid voting member.

The ballots, in their envelopes, will be dropped off at the counting site on Monday after the voting period is over.

Rosemary Fifield, the Education Director, has been in charge of the election process for 17 years. She and her team will be counting the ballots. We are presently making arrangements for how that will be monitored.

As someone who has lamented for years the low voter turnout and large number of invalid ballots at our Co-op elections, it is very nice to see that so many members are voting. The Board has always supported and worked towards having a healthy competitive election and is ready to work as the next board, no matter how is made up.

Rosemary Fifield described the ballot counting process. An accounting firm, Tyler, Simms & St. Sauveur, CPAs, was hired this year to address the issue of where the ballots are stored during the voting period. They will deliver the paper ballots on Monday, April 27th, to Rosemary. There was discussion about safeguarding voter anonymity by asking Tyler Simms to remove the ballots from the envelopes (they indicated that they would not provide that service). Suggestions were also made that the Co-op verify the electronic online voting data by checking timeframes and names, that the Co-op hire an independent group to verify and count ballots, that the Co-op contact members with invalid ballots to inform them about the problem and correct it. No specific decisions were made.

Tony White offered the following apology:

I want to take a moment and apologize to the board, the membership and the staff for any disruption and hurt feelings my action has caused.

On April 7th, I sent out a personal email to express my personal opinion as a member to a group of less than 20 local vendors. We have over 300 local vendors, but this group was less than twenty, most of the group I have been friends with for 15-25 years.

The letter was not meant to be public. I regret sending it out and will accept the consequences for doing so.

Again, the email represented my personal opinion as a member. I did send out another email to that group clarifying that it was my viewpoint as a member.

As an employee at the Co-op my job is to work in the direction provided to us by the board and the Ends statements they have established. For more than 18 years I have done that even when my viewpoint may have been different from a board member or the Board as a whole. Going forward I expect to do the same.

I am sorry for the disruption, concerns and hurt feelings this email has caused to anyone.

Member Comments

A candidate took issue with Tony White's view that his opinions as a Co-op member are distinct from his role as the Operations Director, noting that he holds a privileged position in the organization.

Members noted that hurtful and inaccurate perceptions persist about the Co-op, despite its positive impacts at the local, regional, and national level. Several members noted that rhetoric and inflammatory characterizations harm the cooperative governance process, which should remain respectful. Margaret noted that members are always welcome to give their comments at Board meetings. Members expressed different views about the *Valley News* coverage of the Co-op. In response to the Kenyon opinion column, "Election Failure" (4.22.15 *Valley News*), where the Co-op administrative offices are described as a 'bunker', a Board member explained that, because a disgruntled ex-employee murdered a manager at the Brattleboro Food Co-op two years ago, the Board fully supports the security system, which was in place when the Co-op moved in 2013.

General Manager Update

Terry said that the Co-op is hosting a co-op employee training program this week, which educates staff from cooperatives around the country about management skills; 10 Hanover employees are participating. The Hanover store products are being moved for the Phase 4, when the new addition for Prepared Foods will open on May 11th; the renovation is targeted for Labor Day completion.

The Service Center new gas tanks are in the ground and fuel pumping might start next week. There were no contamination issues.

Board members noted that the employee customer service at the Hanover store is uniformly positive and reflects good management. Terry said that staff throughout the Co-op organization are stepping up, with sales increases and labor decreases at the Community Market, Lebanon, and White River Jct.

Variances in the quarterly financial report indicated that the formulas need to be adjusted.

Policy Monitoring

EL2 Financial Condition and Performance

MOTION: John moved to accept the EL2 monitoring report with acknowledgement of non-compliance on EL 2.5.

Zeb seconded the motion.

VOTED: To accept the EL2 monitoring report with acknowledgement of non-compliance on EL 2.5.

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

The motion passed.

Board members discussed the relatively weak cash position. Terry indicated that completion of the Hanover Store remodel will strengthen the cash situation, but the Co-op is never flush with cash, due to its patronage refund practices. CFO Tony Alongi indicated it will probably take about 10 years to resolve this issue. Terry noted that the long cold winter drove up the utilities costs, that bills are paid on time, and that the Co-op is in a better position relative to FY 2014. Tony said that the current EL 2 policy definition of “inadequate income” needs to be re-defined to focus on margin.

When asked about the success factors at the Community Market, Terry responded that for a second year in a row, the store is continuing to improve, with a forecast to break even this year. The suggestion was made to extend the hours of the grill to accommodate after-school shoppers.

A member asked how the Co-op might address the \$1.5M credit card fee issue. Tony explained that cash is the ‘least expensive’ way to pay for purchases, followed by store charge account, checks, debit card, and lastly the credit card. He offered to update members about this topic with an informational program.

GP 2 Board Deliverables

GP 3 Governance Development

GP 4 Board Members Code of Conduct

GP 5 President’s Role

GP 7 Monitoring Board Performance

MOTION: Kay moved to accept the GP 2, 3, 4, 5, 7 monitoring reports as in compliance.

Susan seconded the motion.

VOTED: To accept the GP 2, 3, 4, 5, 7 monitoring report as in compliance.

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

The motion passed.

Board members reiterated the goals of improved member engagement and communication. It was noted that a larger conversation, strategically focused, should be a regular part of Co-op operations. There was consensus to learn best practices from other food co-ops at the upcoming national cooperative conference in June and to explore examples from other industry sectors.

In response to a question about revising some of the GP policies on the action item list, there was consensus to prioritize this activity in the upcoming months.

2015 Annual Member Meeting

The Board reviewed the member feedback about the event, then explored alternative concepts for the annual meeting, including: a business-only agenda, offering more time for members to interact with the board candidates, discussing the topics of growth and expansion, and hosting a party with free food and beverages. The Hanover Store renovation project completion and the 80th anniversary offer two reasons for special events in the upcoming year.

Share Redemption

MOTION: John moved to authorize the redemption of the shares, as presented, in the Share Redemption Request dated April 13, 2015.

Michael seconded the motion.

VOTED: To authorize the redemption of the shares, as presented, in the Share Redemption Request dated April 13, 2015.

9 in favor, 0 opposed, 0 abstained, 1 absent.
The motion passed.

Appreciation

The Board thanked Martha Graber, who served on the Board for three and a half years, one year as President. She said that it was a privilege to serve on the Board, which offered opportunities to make new friends, learn about community, the food industry, and cooperation. The Board also thanked Zeb Mushlin and Wynne Washburn Balkcom, who have completed their first terms, served as officers, and are currently candidates for a second term. Margaret was thanked for serving as President.

Executive Session (to discuss a personnel matter)

MOTION: Martha moved to enter into Executive Session at 8:25 p.m.

Kerry seconded the motion.

VOTED: To enter into Executive Session at 8:25 p.m.

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

The motion passed.

Susan Sanzone Fauver, Terry Appleby, and Lori Hildbrand were invited to participate in the Executive Session. Susan left at 8:30 p.m.

Executive Session (to discuss a personnel matter)

MOTION: Michael moved to end the Executive Session at 9:39 p.m.

John seconded the motion.

VOTED: To end the Executive Session at 9:39 p.m.

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

The motion passed.

Adjournment

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

Zeb seconded the motion.

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

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

The motion passed.

Respectfully submitted,

Eugenia F. Braasch
Board Administrator

Wynne Washburn Balkcom
Secretary