

MINUTES August 27, 2014

Present: Kerry Artman, Michael Bettmann, Sarah Blum, Margaret Drye, Martha Graber, Zeb Mushlin, John Rosenquest, Susan Sanzone Fauver, Wynne Washburn Balkcom
Absent: Kay Litten
Staff: Terry Appleby, Eugenia Braasch, Amanda Charland, Rosemary Fifield, Steve Miller, Tony White
Guest: Charles Bauer, Attorney, Gallagher, Callahan & Cartrell
Members: Approximately 65 people attended the comment portion of the meeting.
Members: Approximately 25 people attended the business portion of the meeting.

Welcome

Margaret called the meeting to order at 5:30 p.m.

Agenda Review & Changes

There was no Executive Session.

Co-op Stories

Postponed until next month.

July 2, 2014, July 9, 2014, July 17, 2014, Executive Session Minutes

MOTION: Michael moved to approve the July 2, 2014, July 9, 2014, July 17, 2014, Executive Session minutes, as written.

Susan seconded the motion.

VOTED: To approve the July 2, 2014, July 9, 2014, July 17, 2014, Executive Session minutes, as written. 8 in favor, 0 opposed, 1 abstained, 1 absent.

The motion passed.

July 23, 2014, Meeting Minutes

MOTION: Zeb moved to approve the July 23, 2014, minutes, as written.

Michael seconded the motion.

VOTED: To approve the July 23, 2014, minutes, as written.

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

The motion passed.

Co-op President Margaret Drye's Remarks

Since our last meeting in July, the co-op board and management have been processing and addressing requests for information, memos, a petition; letters, policy proposals and possible policy revisions. Requests for information have taken the form of requests for specific financial documents, financial analysis, and copies of our board monitoring reports.

We have been reading and processing thoughtful letters to the board on many subjects as well as reviewing the comments made by members at our July meeting.

We set up the task force we voted to set up last meeting and it has met 3 times – the report comes later in tonight's agenda.

As Board chairman, I need to let you know that we the Board also received written allegations of fraud and kickbacks in connection with Co-op construction projects.

Although we asked for specific information repeatedly, it has not been forthcoming.

The Board has taken these allegations very seriously and, absent any reasonable documentation or information as to when, where, and by whom these actions were said to have taken place, is unable to respond. We again request that anyone who has specific information bring it forward.

The requests for specific financial information and access to the board monitoring packets are requests we have not had before. There are by-laws and state statutes that govern how a member/stockholder gets access to the books and records of the Cooperative. We are taking steps on how to make that process work.

All these requests, including these member comments today, are part of the greater issue of 'transparency.' "Transparency' in an cooperative doesn't mean open access to everything by everyone; it does mean that we need to manage the co-op's asset of business information responsibly while balancing it with what makes a cooperative different from other kinds of businesses – democratic control by its members.

The Board is a deliberative body; it doesn't move at a rapid pace. That doesn't mean that it isn't working; we are. The member comment section tonight is a chance for the board to hear from members, but it is a limited one. There are other, better ways to encourage the healthy give-and-take we all desire. We are looking into options for interaction. CFO Tony Alongi has proposed a forum for members on our financial documents and how we do our accounting. We can do "coffees with the board." We can offer summaries of the board packets to members who want to attend the meetings. These are just some of the possibilities on how we can make information more accessible to our members and how they can interact with board members.

Member Comments

About sixty-five members came to the meeting, filling the room to capacity. Thirteen members offered their opinions about a wide range of subjects.

A member criticized the Board for their lack of face- to-face dialogue with the Concerned about the Coop advocacy group, for denying audio or visual recording of board meetings, for lack of transparency, for limited access to financials, and for not enforcing the EL 5 policy preamble. Another member charged the Board with not showing interest in employee well-fare; noting that Mr. Boutin and Mr. King are still extremely upset about their terminations, and also alleging that the Co-op staff is unhappy, intimidated, and humiliated by management.

Other members gave testimonials about General Manager Terry Appleby, characterizing him as a great cooperator, citing his current leadership role as the President of the National Cooperative Grocer's Association and his long career within the cooperative movement, crediting him with the milestones of the Hanover Co-op growth during the past 22 years, and noting his community service.

Proposals were made to include members in Board task forces and standing committees, to adopt term limits for General Manager tenure, to tell Boutin and King why they were fired, to revise the dismissal policy, and to cease outsourcing practices.

A member noted that meeting recording could be a valuable reference resource for the members who cannot attend Board meetings and requested that the Board consider changing its practice to include audio and visual records. President Margaret Drye responded that Co-op Board meetings are private (thus do not require recorded transcript), and that all meeting participants would need to consent to recording, which was not case at either the July or the August meeting.

Some people offered suggestions about how to work with an engaged member base, emphasizing that they are disturbed by behaviors which lack civility and respect. It was noted that the Board represents thousands of members, speculating that most members support the Co-op and the Board, rely on Board members to take the broad view, and would probably not favor micromanaging the General Manager.

The meeting broke for dinner at 6:25 p.m.

The meeting resumed at 7:00 p.m.

Update

Hanover Cooperative Community Fund

John said that the HCCF committee has not met during the past two months. He said that the Co-op accounting firm, Gallagher Flynn, has offered its services to establish a 501(C)3 status for the Hanover Cooperative Community Fund, which, once in place, will enable donations from private donors, tax credit for patronage refund check donations, and charitable activity in the Upper Valley.

General Manager Update

Terry reported that the level of new memberships continues to be higher than the past several years, due to the 10% discount member promotions. Sales, however, are currently running lower than FY 2013.

The Hanover Store remodel project is on track, with contractor bids being finalized. September 26th is the target for breaking ground, with minor changes occurring inside the store until January, 2015.

The Hanover Co-op will host the Neighboring Food Co-op Association fall gathering on September 27th.

Discussion

Ends Policy Review Committee

Board members discussed elements of Brett Fairbairn's article, *Three Strategic Concepts for the Guidance of Co-operatives: Linkage, Transparency, and Cognition*. The Hanover Co-op currently does the recommended practices. It was noted that Hanover is an older, established, larger cooperative; due to its membership size and associated scale of operations, it has different challenges. The International Cooperative Association *Blueprint for the Cooperative Decade* was recommended as an important resource, in that it highlights features of the cooperative enterprise and the cooperative individual.

Refer to: http://ica.coop/sites/default/files/media_items/ICA%20Blueprint%20-%20Final%20version%20issued%207%20Feb%202013.pdf

The Board decided to post links to meeting resources on its web page.

Policy Monitoring

EL 3 Asset Protection

MOTION: Martha moved to accept the EL 3 monitoring report, with acknowledgement of section EL 3.7 non-compliance.

Zeb seconded the motion.

VOTED: To accept the EL 3 monitoring report, with acknowledgement of section EL 3.7 non-compliance.

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

The motion passed.

Discussion focused on the sub-policy EL 3.7 non-compliance: damage to the Co-op's good will, its public image, its credibility, or its ability to accomplish Ends. Terry reported that since March, 2014, public allegations of unethical behaviors and criminal activity have amounted to what he characterized as a negative campaign about the Co-op's business practices. He further noted that this month, a letter claimed fraudulent management activity, and this week, policy suggestions from members contained anecdotal

misinformation. Appleby said that the Co-op has processes in place to deal with problems and challenged the accusers to present their evidence and not rely on hearsay. Margaret noted that the Board must respond to these allegations with due diligence and requested assistance with the Board's investigation.

Management's plan is to continue with the Co-op culture change initiative, through showing appreciation, addressing problems promptly and directly, directing resources to staff development, and holding member forums. To assess the effectiveness of the initiative, two surveys will be conducted by a third party in 2015, to gauge employee and member satisfaction.

EL 5 Treatment of Staff Policy Review

Board members distributed an update.

- *The EL5 task force has met three times since the July Board meeting, and has met with additional board members and legal representation. The group has had in-depth discussion and deliberation concerning revision of EL5, specifically concerning the principles and values of the Co-op as they relate to employment and discipline policies.*
- *The task force is not prepared at this time to produce a final draft. We have reviewed the current EL5 policy, the Co-op employee handbook, relevant case law, policies of other Co-ops concerning treatment of employees, and the CBLD template.*
- *We are deliberating complex issues in the setting of cooperative policy governance including: just cause employment, progressive discipline, at-will employment, notification for reasons for discipline and termination, performance evaluations, internal grievance procedures, and other policies regarding employee termination.*
- *We have made significant progress and are committed to continuing this process. We are looking to implement a positive tone in our policies.*

Task force members offered their perspectives and asked members to assume good will, noting that this is a complex and important policy which requires careful research and consideration; they pledged to conduct their policy discussion in an open session. The task force plans to continue to meet regularly and to learn about best practices at peer cooperatives.

Share Redemption

MOTION: Martha moved to authorize the redemption of the shares, as presented, in the Share Redemption Request dated August 27, 2014.

Michael seconded the motion.

VOTED: To authorize the redemption of the shares, as presented, in the Share Redemption Request dated August 27, 2014.

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

The motion passed.

Administrative Matters

August 11, 1844 First meeting of the Rochdale Equitable Pioneers Society.

November 15: Annual Retreat at Dowd's Inn, Lyme, 9 am – 6 pm.

In order to accommodate member attendance, Genie asked the audience to contact her in advance, so that an adequate meeting space can be arranged.

Adjournment

MOTION: John moved to adjourn the meeting at 8:55 p.m.

Susan seconded the motion.

VOTED: To adjourn the meeting at 8:55 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