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HCCS Board of Directors Meeting May 27, 2020 6:00 p.m., Virtual Meeting via ZOOM

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AGENDA

HCCS Board of Directors Meeting

May 27, 2020

6:00 p.m., Virtual Meeting on ZOOM

Time	Agenda Topic	Page	Board Action
6:00	Call to order and Welcome Roll Call, including Members in Remote Attendance Consent Agenda		Approve
	April 29, 2020 Minutes	3	
	Monthly Share Redemptions	14	
6:10	Election of Officers Committees for Board Year 2020-2021 Appointment of Committee Chairs		Decision Decision Decision
6:40	Member Linkage Member input		Listen/Acknowledge
6:50	Monitoring EL 3 – Asset Protection GP 7 – Monitoring Board Performance GP 8 – Cooperative Giving Programs	16 35 58	Decision Discussion Discussion
7:15	Policy Revisions EL 7 – Communication and Counsel to the Board EL 14 – Cooperation Among Cooperatives GP 3 – Governance Development GP 5 – President’s Role	61 62 63 64	Decision Decision Decision Decision
7:30	Governance Process Governance Action Plan Review	65	Decision
7:35	Board Education Policy Governance Virtual Workshops (App.B)	84	Decision
7:45	Information General Manager Report (App. A)	69	Information
8:00	Adjournment		

DRAFT MEETING MINUTES, April 29, 2020
Virtual Meeting via ZOOM

Present: Emmanuel Ajavon, Kevin Birdsey, Liz Blum, Rosemary Fifield, Victoria Fullerton, Jessica Giordani, Ed Howes, Benoit Roisin, Jessica Saturley-Hall, Ann Shriver Sargent, Allene Swienckowski

Absent: Thomas Battles

Employees: Paul Guidone (Interim General Manager), April Harkness (Governance & Community Engagement), Lori Hildbrand (Director of Administrative Operations), Mark Langlois (Director of Finance)

2020 Board

Candidates: Nick Clark, Marta Ceroni, Manish Kumar

Rosemary Fifield called the meeting to order at 6:00 p.m.

Consent Agenda: March 25, 2020 Meeting Minutes, March 2020 Share Redemption Requests and Mascoma Bank Resolution

VOTED: 11 in favor. 0 opposed. The motion passed.

Member Linkage

No comments.

Monitoring

EL 2 – Financial Condition and Performance

Paul Guidone directed the board to the board packet for a correction to the 2nd sentence of the last paragraph on p. 12. The sentence reads: “The budgeted income was \$189,157.” and should read “The budgeted income was -\$189,157.” The typo also appears in the second to last sentence on page 20.

Kevin Birdsey noted that EL 2.5 is not the most up to date policy language. This policy was revised in November 2019 to read:

EL 2.5: Consolidated operations to generate inadequate net income at year end or quarterly projections that show there will be inadequate net income at year end.

MOTION: Rosemary Fifield moved that the EL 2 – Financial Condition and Performance monitoring report provides a reasonable interpretation of the policy and sufficient evidence of compliance. Liz Blum seconded the motion.

VOTED: 11 in favor. 0 opposed. The motion passed.

GP 4 – Board Members Code of Conduct

Board members noted compliance with the majority of the policy but felt that improvement could be made in GP 4.6 and its subpolicies which address individual response to communications outside of

board meetings in a timely manner, fulfilling commitments made during board meetings, deliberating fully and respectfully, and participating in working groups and committees.

Proposed revisions to policy language were withdrawn after discussion.

B-GM 2 – Accountability of the GM

Board members agreed that the board recognizes the General Manager as its only employee and needs no improvement on this policy. No revisions were proposed.

B-GM 3 – Delegation to the GM

Board members reviewed the report provided by Victoria Fullerton (see Addendum I) and discussed the implications of changing the Ends midway through the year. It was agreed that the board could have been more clear on its expectations regarding how the General Manager should respond to the change, especially in regard to writing his monitoring report on Ends. No revisions to the policy were proposed.

B-GM Global

Board members reviewed the report provided by Benoit Roisin (see Addendum II) and agreed with its conclusions. No revisions to the policy were proposed.

B-GM 1 – Unity of Control

Board members reviewed the report provided by Benoit Roisin (see Addendum II) and agreed with its conclusions. No revisions to the policy were proposed.

B-GM 4 – Monitoring GM Performance

Board members agreed that the board monitors GM performance as required by the policy, doing its evaluation strictly in terms of the GM's compliance with Ends and ELs. While no revisions to the policy were proposed, it was noted that evaluation by this method alone does not take into account the more typical issues often included in performance evaluations, including employee feedback, acknowledgement of exemplary performance, and so on.

GP Global

Board members reviewed the report provided by Kevin Birdsey (see Addendum III). Suggestions for improvement included a higher level of board meeting evaluation participation, more response to requests for policy monitoring feedback, and more consistent involvement in committee work. Lastly, a board member suggested better follow-up on suggestions that arise from board self-monitoring.

GP 1 – Governing Style

Board members reviewed the report provided by Kevin Birdsey (see Addendum IV). Discussion included a suggestion to increase the opportunity for encouragement of diverse viewpoints through the use of diversity training and a facilitator for board meetings. No revisions to the policy were proposed.

Governance Process

Governance Action Plan Review

MOTION: Rosemary Fifield moved to postpone May's monitoring of EL 9 – Cooperative Giving Programs to August and to monitor EL 3 – Asset Protection in May instead. Liz Blum seconded the motion.

VOTED: 11 in favor. 0 opposed. The motion passed.

Also in May, Jessica Saturley-Hall will provide a monitoring report for GP 7 – Monitoring Board Performance and Rosemary Fifield will provide a monitoring report for GP 8 – Cooperative Giving Programs.

General Manager Report

Paul Guidone updated the board on sales, curbside pick-up, web cart, and scenario planning. He stated that future General Manager Reports and policy monitoring reports will begin to look different as he and his team work to make them more concise.

Adjournment

Motion to adjourn at 8:14 p.m.

Respectfully submitted,

April Harkness

Board Administrator

Emmanuel Ajavon

Board Secretary

Addendum I

B-GM 3 – Delegation to the GM

Report submitted by email April 28, 2020 from Victoria Fullerton

Dear Board,

The topic I've covered - B-GM 3 - garnered just a few responses, but given the straight forward descriptive nature of this policy - apart from the establishment of our 'new' Ends, I found it unnecessary to elaborate on how one would substantiate our compliance. Names missing from this compilation - found us in compliance, likely that's the case.

Below please find the critiques: (and the policy referenced - B-GM 3.4)

[B-GM 3.4: The Board may change its Ends and Executive Limitations policies, thereby shifting the boundary between Board and General Manager domains. By doing so, the Board changes the latitude of choice given to the General Manager. But as long as any particular delegation is in place, the Board will respect and support the General Manager's choices].

Responses:

-I believe that we are in compliance with B-GM 3.2, 3.3, and 3.4. However, I believe we have a problem with 3.1, because we have been operating for the last six months or so as though we have two sets of Ends policies, which we do not. Ed has done a good job of operating beneath the confusion around the Ends, but it is the Board's responsibility to provide clarity on this, and to then hold the GM responsible for operating on the Ends that we provide him. It is my read that Ed is currently operating implicitly on the old Ends; that's understandable given the Board's lack of clarity on this point, but we have a duty to correct this inconsistency. -JSH

-As the member collating this topic, I did meet with Ed. He said that apart from the changeover to the 'new' Ends in mid-summer he had found the policy in compliance. He just said that the 'new' Ends didn't affect him much given their less specific scope compared to the 'old' Ends. Although the Board had agreed that in the circumstances, it was not fair to ask him to change mid-sail, in effect the Board had, agreed to let him stay on a course directed by the 'old' Ends. It is my understanding that until the Ends Committee has completed their task engaging the member/owners on this topic, that our new GM will be operating under the direction of the 'new' Ends as they are published.

- VCJF

-I am at a loss of words for what I could possibly say except that I am awaiting the report of the Ends Committee to clarify the Ends. I am uncomfortable with the 'new' Ends and do not believe they give clear instructions of the intent of the board, nor of the values of the Co-op. Therefore it would be helpful to have an idea of where the Ends Committee's work is and of a timeline. - LB

Addendum II

Monitoring report of BG-M-global and B-GM-1

Submitted by Benoit Roisin on 16 March 2020 for Board Meeting on 25 March 2020
Deferred and re-submitted on 21 April 2020 for Board meeting on 29 April 2020

B-GM Global – Board-GM Flow of Authority

The Board of Directors is a policy-making body. The Board oversees the cooperative exclusively by drafting and monitoring compliance with policies that are binding on the General Manager. Thus the Board's link to the cooperative is exclusively through the General Manager. The General Manager will be in active communication with the Board and may also, on occasion, delegate this responsibility to others. If so, the General Manager is responsible for and will be bound by such communications.

Feedback from Board:

"I feel the Co-op Board of Directors has met all the interpreted requirements of B-GM Global and B-GM-1 policies." (EH)

"I cannot recall an instance in which we failed to abide with this policy within the last 12 months." (BR)
"Met" (JSH)

"I agree that, for these particular policies, we do a good job of following our own rules, with the possible exception of a committee that veered into the outreach activities that belong to operations and disrupted the employees' planned schedule of advertising and media usage, staff time, and resources." (RF)

Feedback from GM:

"Delegation has been for the most part focused and supported by the board of directors. The GM and the leadership team has been responsive to the board and communication has been active and ongoing with the board via EL's and formal meetings with the board president and committees as applicable."

B-GM 1 – Unity of Control

Only decisions of the Board acting as a body are binding on the General Manager. Accordingly,

B-GM 1.1: Decisions or instructions of individual board members, officers, or committees are not binding on the General Manager except in rare instances when the Board has specifically authorized such exercises of authority.

B-GM 1.2: In the case of Board members or committees requesting information or assistance without Board authorization, the General Manager can refuse such requests that require, in the General Manager's opinion, a material amount of employee time or funds, or are disruptive.

Feedback from Board:

"I think the Board has complied with B-GM 1.1 and 1.2" (LB)

"I find ourselves in compliance." (BR)

“Met” (JSH)

Feedback from the GM:

Re. B-GM 1.1: “In general this has been adhered to. I believe that the governance coach and reporting has provided very sound structure stressing clarity, responsibilities and committee guidance. I would strongly suggest, as we operate under the Policy Governance model, that this continues and is built upon as “...These policies are the cornerstones of our policy governance system:..” “

Re. G-GM 1.2: “It is extremely important that this policy be adhered to in the strictest manner as practices outside of this can become very confusing for employees. It is quite easy for individual board members to have direct “requests” from employees and direct engagement with outside audiences that are not a “full board driven and supported” initiative that run into conflict with operational planning, messaging, strategy and tactics that are imbedded, “mapped out” and supported (financially and time resource dependent) by the operational team(s).”

BOTTOM LINE: I note words of caution from our General Manager, but these do not detract from an overall assessment of **COMPLIANCE**.

Addendum III

GP Global monitoring report

Report author: Kevin Birdsey

This report covers the period from April 2019 through April 2020.

To determine compliance, three random board packets and the minutes from those meetings were examined for evidence of each aspect of the GP Global policy. The three months examined were April 2019, November 2019, and February 2020.

Statement of policy: The purpose of the Board, acting on behalf of the Co-op members, is to set strategic, long-range direction

Evidence: The April minutes reference an Ends workshop that was subsequently held in early May. The other two month's packets contain updates from our active Ends committee so that the Ends written at that workshop can potentially be improved upon.

Also in April, we planned to have a strategic planning session with the General Manager and his leadership team, although that did not come to fruition as quickly as planned.

This is all evidence that strategy and long-range direction was a priority for our Board.

Statement of policy: [The purpose of the Board, acting on behalf of the Co-op members, is to] hire the General Manager

Evidence: In light of Ed Fox's resignation, February's meeting was largely devoted to this topic. A job description for an interim position was approved, a search committee chair was appointed, and an interim, Paul Guidone, was hired.

Hiring an executive is a critical, but rare task for a Policy Governance board. It is a positive sign that we were able to take initial steps as quickly as we did.

Statement of policy: [The purpose of the Board, acting on behalf of the Co-op members, is to] monitor organizational performance

Evidence: Our Board monitored EL policies in two of the months examined. As is standard, our board took the GM's compliance to be the same as compliance for the whole organization.

In addition to EL monitoring, we get more general updates from our GM on all aspects of the business. This update occurred in all three months examined. This department and location breakdown is very thorough each month and gives us a general overview of organizational performance. Were there a gross noncompliance of a given policy, it is unlikely that we would be surprised by the annual monitoring report of that policy. Instead, we would have likely known of the issue ahead of time via these monthly general reports.

Statement of policy: [The purpose of the Board, acting on behalf of the Co-op members, is to] monitor Board performance

Evidence: Board process policies we monitored in all three months examined. In April, the report was produced by the Governance Committee using a SurveyMonkey, as had been practice at the time. The board moved and approved to accept that report. In November and February, reports were authored by an individual director, as has been our practice this year. November's resulted in further action for the report author to take, and February's was never discussed in the meeting on account of time.

An area for improvement this indicates is to standardize what we do with self-monitoring reports. Do we need to vote to accept the report? Do we simply discuss any necessary actions? If time does not allow for discussion, can the written report alone serve as monitoring? These and other questions should be settled so that we monitor our own performance more effectively.

Statement of policy: [The purpose of the Board, acting on behalf of the Co-op members, is to] provide effective leadership using the Policy Governance process

Evidence: April's minutes saw us decide how to best utilize consulting reports by Richard Stringham of Governance Coach and also how we would communicate with him.

There was also an instance of a director suggesting a change in process citing policy as the reason for that change. This shows that we use our own policies as motivation for better process.

November saw revisions to four EL policies take place. A revision to a GP policy was discussed but not adopted.

By November we had begun to use our meeting evaluations as, among other things, a tool to assure compliance with our code of conduct policy.

Two of the examined months saw committee charters adopted. These committees put effort into writing said charters in appropriate policy format.

Also, as expected in policy, two months' packets featured updates from ongoing committees.

All of these examples show our usage of Policy Governance taking on multiple forms. By innate knowledge of what our policies expect of us, we are able to lead effectively.

Overall, there is sufficient evidence towards compliance with only one notable opportunity for improvement. I look forward to discussion on this policy at our next meeting.

Addendum IV

GP 1 monitoring report

Report author: Kevin Birdsey

This report covers the period from April 2019 through April 2020.

To determine compliance, three random board packets and the minutes from those meetings were examined for evidence of each subpolicy of the GP 1 policy. The three months examined were June 2019, July 2019, and February 2020.

GP 1 - Governing Style states the following:

The Board will govern with an emphasis on strategic leadership and outward vision.

Evidence: The documents reviewed for this report focused a good deal on Ends revision and transitioning from an outgoing general manager to an interim GM. These are forward thinking matters, and undeniably board work. There was also, amongst other things, EL, GP, and B-GM monitoring, policy revision, and an auditor's report. Setting and monitoring other (not Ends) policy types is strategic as we are mindful that policy should be kept broad and not at a level that is too narrow. Meanwhile, Ends focus on the result(s) that the members in our community receive from their business.

Further evidence of compliance is shown in regards to the subpolicies of GP 1, as shown below.

GP 1.1: The Board will be an initiator of policy that:

GP 1.1.1: is written

Evidence: June saw written revisions to Ends and EL policies. In both June and July, GP policy revisions were presented for vote by our board. This is representative of our practice to operate strictly by policy that is written.

[The Board will be an initiator of policy that] GP 1.1.2: reflects its values and perspectives about ends to be achieved and means to be avoided

Evidence: In June we voted to adopt Ends policy clearly stating for our GM what is to be achieved. We also made revisions to an EL policy that clearly stated means to be avoided. Discussion of our Ends continued in July. Achievability was inherent to that discussion.

In February, we received an update from our Ends committee. There was no indication that that committee aims to suggest Ends to the board that are unachievable. As committees help to inform the board's work, it can be inferred that this is the aim of the board as well.

There was nothing found that indicates our policies are not written clearly and it is safe to assume we strive to revise policy whenever there is a lack of clarity.

[The Board will be an initiator of policy that] GP 1.1.3: is focused on the long-term effects outside the organization.

Evidence: This can be interpreted as a reference to Ends policy, as other policy types do focus largely on effects internal to the organization. Our Ends review, very apparent in the months of June and July, is largely based in discussion of what long-term effects we write in our Ends policy. Where there has been debate, it has focused on who our stakeholder groups are. Regardless of anyone's personal feelings on that matter, long-term, the focus remains on external effects.

GP 1.2: The Board will

GP 1.2.1: encourage diverse viewpoints

Evidence: In June self-monitoring reports for the remainder of the board year were assigned to each director. This encourages diverse viewpoints by calling upon directors to think more about a given policy more than they might have before.

Not mentioned in the minutes reviewed is another practice that has been more common in recent meetings. Typically, a topic would be discussed based on hands raised. Meeting evaluations pointed out that some directors were reluctant to speak. In response, our president has begun to call on each director around the table. This seems to have a positive effect on encouraging diverse viewpoints.

[The Board will] GP 1.2.2: make collective decisions

Evidence: In June, as we approved our new Ends policy, we began by asking all directors present for feedback. This kind of roundtable discussion has become more commonplace in our monthly meetings. That said, our decisions do tend to be majority-rules votes, not always the same as collective decision-making.

[The Board will] GP 1.2.3: maintain a clear distinction between Board and GM roles.

Evidence: In June, we approved a new Ends policy. The very simple language of this new policy allows for a wider range of GM interpretation. This maintains distinct roles - our board's role of setting policy, and our GM's role of operating the business.

In all three months reviewed, the GM provides thorough reports on business operations, none of which require board decision. The information presented is within the GM's role. Likewise, governance process topics that, while the GM would weigh in on his expectations of executing the board's policies, were the board's decisions to be had.

[The Board will] GP 1.2.4: make all significant and important decisions formally by Board vote.

Evidence: In the months reviewed for this report, there were, respectively, ten, eleven, and nine decisions made by vote. These decisions range from basic, such as consent agenda approval, to significant, hiring an interim General Manager. The range of decisions and the consistent number of decisions imply that decisions made by vote is standard practice for our board.

GP 1.3: The Board will strive for excellence through:

GP 1.3.1: group responsibility

Evidence: The assignment of self-monitoring reports is a strong example of taking group responsibility.

For all three months reviewed, meeting evaluations were offered to the whole board. Results of these evaluations were delivered to the full board ahead of the following meetings. This allowed for the whole group to evaluate and take ownership of how one another views our interactions at the board table.

[The Board will strive for excellence through:] GP 1.3.2: discipline, meaning regular attendance, being prepared for meetings, following policy-making principles, and respecting one another's roles,

Evidence: Absences at the meetings reviewed broke down as follows- four absences in June, one in July, and none in February. Needless to say, the month with four absences stands out in particular because multiple items reappeared on the following month's agenda, with one, discussion of our new Ends policy, taking a substantial amount of time the following month. This is an opportunity for improvement. Perhaps for future meetings, when directors anticipate their absence, requests to attend remotely should be made.

Preparation is difficult to determine from the documents reviewed. From reports on our meeting evaluations, there appears to have been an improvement around November. Continuing to look at this in our meeting evaluations will help keep us on track.

In June and July, adoption and reexamination of our Ends seemed to become a divisive issue. That said, there is no evidence indicating that all involved did not desire to stick to sound policy-making principles. Most of all, it was the idea of capturing the best representation of what our members want that was paramount to all.

[The Board will strive for excellence through:] GP 1.3.3: Board development and orientation

Evidence: Though not mentioned in the documents examined for this report, there was a new director orientation session in the month of May.

There are two major factors that show our excellence through development. The first is utilization of a consultant expertising in our chosen form of governance, providing us with objective and constructive criticism from an outsider. The second is our regular meeting self-evaluations which prompt us to evaluate and monitor our own behaviors, adjusting as needed to improve our productivity and performance.

[The Board will strive for excellence through:] GP 1.3.4: self-monitoring of the Board's process and performance.

Evidence: Of the months reviewed for this report, a GP or B-GM was discussed in only one month, June. February's agenda called for monitoring of three such policies, for one of which there was a written report, but discussion was postponed. This shows that there is a schedule of self-monitoring, but sometimes those matters are put off to focus on matters more critical to the operation of our business.

SHARE REDEMPTION REQUESTS**May, 2020**

For the period ending May 18th, 2020, 9 members have requested redemption of shares. This includes 187 A shares and 22 B shares held directly by the members, and \$3.77 in A share and \$3.81 in B share extra held by the Co-op on account. The total cost of redemption is \$1,052.58. The reasons for member redemptions are reflected on the attached list. The Co-op policy is when a member terminates his/her membership by redeeming his/her A shares any B shares and B share extra will be redeemed at the same time.

For the period ending May 18th, 2020, 7 members have requested share transfers. This includes 123 A shares held directly by the members and \$8.35 in A share extra held by the Co-op on account. The reasons for member transfers are reflected on the attached list.

For the period ending May 18th, 2020, 8 members have asked to exchange his/her old B share class for the new B share class. This includes 33 B shares held directly by the members and \$21.34 in B share extra held by the Co-op on account.

To date ending May 18th, 2020, 2,595 members have asked to exchange his/her old B share class for the new B share class. This includes 19,352 B shares held directly by the members and \$5,904.70. in B share extra held by the Co-op on account. This represents approximately 28.1% of originally issued B Shares.

To date ending May 18th, 2020, 20,760 B shares held directly by the members and \$6,418.35 in B share extra held by the Co-op on account have either been redeemed or converted to new B Share class. This represents approximately 30.13% of originally issued B Shares.

Redemption of these shares (\$1,052.58 in total) will not adversely affect the cash position or cash flow of the Co-op at this time.

Respectfully,

Mark S Langlois, CPA, CGMA
Director of Finance
Hanover Consumer Cooperative Society, Inc.

Monthly Co-op Share Redemption Request
27-May-20

Vendor ID	Date	Town	State	Zip Code	Joined	A Shares Tendered	B Shares Tendered	A Share Amount	B Share Amount	A Share Extra	B Share Extra	Check Total	Full/Partial	Reason Why
1	4/25/2020	TINTON FALLS	NJ	07724	2016	10	0	\$ 50.00	\$ -	\$ -	\$ -	\$ 50.00	F	MOVING
2	4/17/2020	BOW	NH	03304	2012	10	0	\$ 50.00	\$ -	\$ -	\$ -	\$ 50.00	F	DECEASED
3	4/24/2020	HARTLAND	VT	05048	2019	10	0	\$ 50.00	\$ -	\$ -	\$ -	\$ 50.00	F	
4	4/20/2020	ENFIELD	NH	03748	1998	10	0	\$ 50.00	\$ -	\$ 1.23	\$ -	\$ 51.23	F	DECEASED
5	4/20/2020	CAMBRIDGE	MA	02138	2008	15	1	\$ 75.00	\$ 5.00	\$ 2.22	\$ 0.98	\$ 83.18	F	MOVING
6	4/27/2020	LEBANON	NH	03786	2005	11	0	\$ 55.00	\$ -	\$ -	\$ -	\$ 55.00	F	MOVING
7	5/15/2020	WEST PALM BEACH	FL	33409	2019	10	0	\$ 50.00	\$ -	\$ -	\$ -	\$ 50.00	F	MOVING
8	5/12/2020	ST. LOUIS	MO	63108	2019	10	0	\$ 50.00	\$ -	\$ -	\$ -	\$ 50.00	F	MOVING
9	5/11/2020	CONCORD	MA	01742	1989	101	21	\$ 505.00	\$ 105.00	\$ 0.32	\$ 2.85	\$ 613.17	F	DECEASED
TOTALS						187	22	\$ 935.00	\$ 110.00	\$ 3.77	\$ 3.81	\$ 1,052.58		

Reasons for redemption

	Jan	Feb	March	April	May	June	July	Aug	Sept	Oct	Nov	Dec	YTD	%
Moving	6	3	2	15	5								31	52%
Moved-Clean Up													0	0%
Deceased- Clean Up	6	2	1	8	3								20	33%
Tired Of Coop B/S													0	0%
Clean-Up													0	0%
None provided	2	1	2	1	1								7	12%
Wants Cash													0	0%
Had two accounts													0	0%
Don't use account													0	0%
Nursing Home													0	0%
Selling down to 10 shares	1	1											2	3%
Total	15	7	5	24	9	0	60	100%						

A Share Transfer	Carryover	Jan	Feb	March	April	May	June	July	Aug	Sept	Oct	Nov	Dec	YTD	%
Re-issuing in different name														0	0%
Transferring to new account			1											1	3%
Transfer to different account		2	1			2								5	13%
Name change		10	6	8	3	3								30	75%
Change Spelling of name			2			2								4	10%
Total		12	10	8	3	7	0	40	100%						
Exchange B shares	2,472	51	33	24	7	8								2,595	

Monitoring Report EL 3—Asset Protection

Submitted by: Paul Guidone, CFA

Co-op Board Meeting: Wednesday, May 27

Reporting Period: June 2019 - April 2020

Executive Limitation 3 states:

The GM shall not allow assets to be unprotected, unreasonably risked, or inadequately maintained.

Operational Definition/Interpretation:

An asset is typically defined as anything of value that can be converted into cash. At our cooperative, assets are not viewed as *things people own*, but rather *resources people share*. Categories include:

1. Financial
2. Physical
3. Data
4. Credibility
5. People (eg, Employees)

I interpret EL 3 to mean that we must protect the assets entrusted to us. Sub-policies below outline ways we meet this objective.

To that end, the General Manger will not allow:

EL 3.1: Inadequate security of premises and property.

Operational Definition/Interpretation:

We have procedures in place to secure our cash-handling procedures, inventory, payables, payroll, fixed assets, and buildings. Management and outside professionals review these procedures. Any losses are at or below industry norms.

Data:

Business continuity

To be prepared, every organization must have a business continuity plan in place to mitigate risk. If nothing else, the COVID-19 pandemic showed the resiliency of the Co-op and its employees and the need for a solid plan with defined roles and responsibilities that can lend themselves to any situation that may arise.

Per the 2020 Co-op Business Plan, our Co-op is developing a Business Continuity Plan in partnership with a professional firm, ContinuityWorks, to help us protect our assets and react appropriately should there ever be any sort of emergency. We have selected “In Case of Crisis” as our emergency communication and business continuity software. Implementation of this software is ongoing.

More than a communication tool, In Case of Crisis will be the repository for the plans we need to keep the business moving forward under the worst of circumstances. The leadership team worked together to navigate the pandemic. Processes that were put into place will be the foundation for the ongoing continuity plan of the Co-op. That, plus the existing SOPs and new SOPs that are being created as we move forward, will address new programs and processes that will come into existence as the Co-op grows and develops in the face of the new reality we have yet to come to know.

Please see the Business Continuity Program Roadmap below for more information.

2020 HCCS BUSINESS CONTINUITY PROGRAM ROADMAP						
PHASE	#	PHASE TITLE	ACTION	TIMEFRAME		% Complete
ANALYZE	2	BUSINESS IMPACT & RISK ANALYSIS	Site visits by authorities, organized by Christopher Cobb and attended by Arlene Silva, began in September 2019. The goal is to complete a risk analysis of every HCCS physical location and capture the risk data for planning purposes.	Sep-19	TBD	80
STRATEGIZE	3	CONTROL STRATEGY DEVELOPMENT AND/OR IMPLEMENTATION	SET-UP BC SOFTWARE SYSTEM FUNCTIONALITY AND ACCESS Set up In Case of Crisis, HCCS' business continuity planning and emergency notification tool for use organization-wide. Published and distributed a plan for Store Managers with an action checklist. Will proceed to develop and distribute plans as they are created.	Jan-20	Aug-20	100
			Identified ICC System Administrators and are scheduled to provide training in use and maintenance of ICC.	Jan-20	Aug-20	75
			Work with HR to update contact information for all employees and create emergency communication protocols.	Jan-20	Aug-20	100
		CONTROL STRATEGY DEVELOPMENT AND/OR IMPLEMENTATION	PANDEMIC PLAN DEVELOPMENT AND EXECUTION* Includes capturing the results of real-time planning and execution by the executive leadership team, change to daily operations, and lessons learned in a documented plan to facilitate response to a similar scenarios in the future.	Mar-20	May-20	ongoing
PLAN	4	PA NDEMIC PLAN DEVELOPMENT A ND EXECUTION*	Organization-wide pandemic crisis response, planning and execution of pandemic crisis control strategies captured in the ICC.	Mar-20	May-20	ongoing
		DOCUMENT CRITICAL RESPONSE & RECOVERY PLANS	By location and to a pre-determined standard format.	Jul-20	Dec-20	ongoing
ORGANIZE	1	TEAM BUILDING	Develop and incorporate BC training modules into New Hire Orientations, Onboarding, and the Leadership Training Program.	Jun-20	Jul-20	75
			Leverage existing or acquire internal resources to establish internal ownership of the Business Continuity Management Program coordination activities.	Jan-20	Dec-20	50
			Assign or hire a BC Program Coordinator to manage the program internally and ensure that deadlines are met on a timely basis and the plan documentation and activities are reasonably current at all times.	Jun-20	TBD	50
EXERCISE	5	EXERCISE CRITICAL PLANS & HIGHEST RISK SCENARIOS	Exerose select business interruption scenarios at key / critical business locatons and/or specific to key / critical business functions.	TBD	TBD	0

HCCS / CONTINUITYWORKS

HCCS BCM Program Road Map and Timetable 051120.xlsx

PG 1 FO 1

Security Procedures

All stores have Tasco state-of-the-art security monitoring, linked to local law enforcement. Management continually reviews best practices, especially concerning building security and inventory control.

Table 1. Summary of security protocols.

	Written procedures exist?	Review dates	Reviewed By	Date of most recent review by outside expert / who?	Does audit support compliance?
Cash handling	Yes	annual	Director of Finance General Manager	2019 AUDIT Baker, Newman & Noyes	yes
Inventory	yes	quarterly	Director of Finance General Manager	2019 AUDIT Baker, Newman & Noyes	yes
Payables	yes	monthly	Director of Finance General Manager	2019 AUDIT Baker, Newman & Noyes	yes
Payroll	yes	monthly	Director of Administrative Operations General Manager	2019 AUDIT Baker, Newman & Noyes	yes

SOPs exist for all of the above aforementioned protocols. They are located in the BUOPS\sop policies\ecrs file.

Shrink

Managing shrink is key to protecting inventory and ensuring proper inventory control. Retailers aim to maximize in-stock levels while minimizing shrink.



WHAT WAS YOUR SHRINK IN...	TOTAL STORE	FRESH PREPARED	BAKERY	SEAFOOD	PRODUCE	MEAT	HBC	DAIRY	DRY GROCERY	FROZEN	DELI
2018	3.1%	8.1%	8.5%	7.6%	5.3%	5.7%	3.5%	2.2%	1.2%	1.1%	8.7%
2016	3.1%	9.4%	8.8%	6.8%	5.9%	5.0%	2.3%	2.3%	1.1%	0.8%	N/A

The Co-op’s 2019 data from Catapult falls well below the average in every department listed, with an estimated shrink of 1.25% of total store sales.

Why the low shrink?

The Co-op's shrink numbers are relatively low due to a number of factors. We have turnover ratios of perishable products in line with industry averages.¹ Inventory counts are taken each month in meat, seafood, prepared foods, deli and produce departments. These counts are taken on physical inventory worksheets in Catapult outside of business hours to ensure accuracy. Prepared foods ingredients are inventoried in ChefTec. Department Managers thoroughly review the physical inventory worksheets before committing them into the system. We also have SOPs for inventory adjustments to accurately record the cost of goods being shrunk or transferred to another department or location. Specific reason codes are applied to each item for tracking purposes.

Supporting Documentation in BUOPS

- Month End Procedures and Guidelines
- SOP Inventory Adjustments Reason Codes
- SOP Inventory Adjustments
- SOP HHT Inventory Adjustments
- SOP Worksheet Inventory Adjustments
- Transfer SOP

I report compliance.

EL 3.2: Uncontrolled purchasing or purchasing subject to conflicts of interest.

Operational Definition/Interpretation:

Co-op assets are protected through a set of purchasing controls. These controls are used for all aspects of purchasing, including:

- products for sale,
- services contracted for,
- supplies, and
- capital items.

Co-op policies prohibit purchasing on the basis of improper conduct. These policies provide measures to protect against vendor fraud and ensure compliance.

Compliance is also achieved when no material violations have occurred. Material violations are those that would require an employee to be suspended or terminated due to the violation.

Data:

¹ The Co-op had an inventory turnover ratio of 14.3. According to IBISWorld's independent report on Supermarkets & Grocery Stores in the US Industry 44511, p38, inventory turnover for stores with >\$50million in sales was 14.3.

Purchasing Controls

Purchasing controls are in place to allow for more than one million dollars in retail sales each week. The cost of goods and supplies is maintained with designated buyers, approved vendors, and strong and comprehensive receiving policies with Finance department oversight. Purchasing is restricted to certain job duties and classifications and is monitored by the Director of Business Unit Operations and store managers. Items are set up in our database before they are ordered through approved vendors. All purchases must be reconciled with a shipping document or invoice.

Supporting Documentation in BUOPS

- New Vendor Procedure
 - Accounts Payable and Receiving Policies for Vendors
 - AP Vendor Information Sheet
 - W-9 Form
- Product Authorization Policy
- Conventional Purchase Order SOP
- Receive Only SOP
- SOP Special Orders
- SOP Beer & Wine Allocations
- NOF Receiving SOP Flow Chart
- Receiving Ingredients SOP
- Credits SOP

Purchases of capital items (valued at \$1,000 or more) must have the consent of the Director of Finance, at a minimum, and be within limits set by the annual capital budget. The capital budget is submitted each December for the following year. Budgets are also reported to the Co-op Board of Directors quarterly per EL 1. Policies also exist that prohibit improper conduct in purchasing. These include gift policies, solicitation, and conflict of interest (see next page, Table 2). Violations can result in disciplinary actions including termination. I have no material violations to report. Material is defined as: any event or facts that would affect the judgement of an informed reader of this policy.

Supporting Documentation in BUOPS

- Employee Gift Policy

Finally, we now have anti-trust language in the Co-op Employee Handbook. 100% of employees have signed off on this either upon initial distribution of the updated handbooks or as part of their new hire orientation. All merchandisers, business unit managers, Board members, and members of the Co-op Leadership team have had to review and sign off on a copy of these anti-trust policies for placement in their employee file.

Supporting Documentation in BUOPS

- Hanover Consumer – Antitrust Policy and Guidelines

For more information, see the following page: Table 2. Summary of review of purchasing controls. Detail available for inspection.

	Written procedures Exist?	Review dates	Reviewed By	Date of most recent review by outside expert / who?	Does audit support compliance?
Purchasing Controls	yes	monthly	Director of Finance Director of Business Unit Operations General Manager	2019 AUDIT Baker, Newman & Noyes	yes
Products for Sale	yes	monthly	Director of Finance Director of Business Unit Operations General Manager	2019 AUDIT Baker, Newman & Noyes	yes
Contracted Services	yes	Contract date	Director of Finance General Manager	2019 AUDIT Baker, Newman & Noyes	yes
Supplies	yes	monthly	Director of Finance Director of Business Unit Operations General Manager	2019 AUDIT Baker, Newman & Noyes	yes
Capital Items	yes	monthly	Director of Finance Director of Business Unit Operations General Manager	2019 AUDIT Baker, Newman & Noyes	yes
Conflict of Interest	yes	monthly	Leadership Team	2019 AUDIT Baker, Newman & Noyes	yes
Vendor Fraud	yes	daily	Receiving and Inventory Departments General Manager	none	yes

SOPs exist for all the above aforementioned protocols. They are located in the BUOPS\sop policies\ecrs file.

I report compliance.

EL 3.3. Lack of due diligence in contracts and real estate acquisitions.

Operational Definition/Interpretation:

The Co-op determines risk to assets when considering contracts and real estate acquisitions. The evaluation may include leadership team, legal counsel, industry experts, peers, and consultants.

Data:

Contracts

The Co-op entered into and/or extended several contracts since the last EL 3 monitoring report.

Table 3. Contracts

Vendor	Service	Date Signed
Service Contracts:		
Gage Lawn Care	Snow Removal	August, 2019
Hampshire Fire	Sprinklers, Fire Suppression	June, 2019
Hampshire Fire	Obstruction/Internal Valve Insp.	April, 2016 (5 yr)
Northeast Hood and Duct	Kitchen Hood and Duct Cleaning	August, 2019
L&M	Snow Removal	April, 2019
Dan Clay	Snow Removal	November, 2019
JP Pest Services	Pest Control	May, 2019
SR Max Cleaning	Floor Cleaning	February, 2018 (2 yr)
James Lamontagne	Landscaping	November, 2019
Chippers	Landscaping	New
Competitive Energy	Pre-Buy Energy	July, 2011 (open ended)
Sandberg	Composting	November, 2019
Maintenance Contracts:		
Alliance Scale	Scale Hardware Maintenance	August, 2018
Brocade	Hardware/Software Maintenance	April, 2018
Corp DVS	Hardware/Software Maintenance	April, 2018
Citrix	Software Maintenance	March, 2018
Comcast	Service Agreement	June, 2018
State of NH	Scale Licenses	June, 2019
DynDNS	Domain Renewals and Hosting	January, 2018
Culinary Software Services	Software Support	March, 2018
Microsoft Software & Services	SAAS, Maintenance	April, 2018
Verizon	Service Agreement	June, 2018
VMWare	Software Maintenance	March, 2018

Echostor	Netapp	February, 2018
Sophos	Support/Maintenance	July, 2018
C&S Operations	Support/Maintenance	October, 2018
Code 42	Support/Maintenance	November, 2018
Holistic Solution	Website Hosting	July, 2018

Other Contracts:

Tasco	Alarm Systems	June, 2019
ECRS Software	POS & Inventory Management software	Jan, 2019
Casella Waste Management	Trash Removal	June, 2019 (2 yr)
Continuity Works	Business Consulting	September, 2019
Banwell Architects	Architect services	July, 2018
Granite United Way	Employee Program	March 2020
The Car Store	Building Lease	December 2018
Dartmouth College	Parking Lease	December 2018
All – Star WRJLLC	Office Lease	January 2019

All contracts above were subject to terms and conditions that could be covered by expected revenues. By experience, the contracts were judged not to be risks.

I report compliance

EL 3.4: Uninsured, inadequately insured or otherwise irreplaceable equipment and facilities, considering potential damage or destruction.

Operational Definition/Interpretation:

The Co-op carries standard insurance for a retail grocer of our size and in our region. Insurance for equipment, facilities, and business interruption is periodically reviewed by management (annually) and by the insurance provider (on renewal or before new coverage is initiated).

Data:

Insurance

In December, 2019, the Director of Finance, in consultation with the General Manager and Director of Administrative Operations, determined it was in the best interest of the Co-op to switch insurance brokers, but not insurance companies. The new insurance broker offered additional services that were not available from

our insurance broker at that time. Effective January 1, 2020, our insurance broker was changed to Denis, Ricker & Brown, a division of Hickok & Boardman Insurance, based in Montpelier, VT.

The Co-op’s Director of Finance meets with our insurance broker each December to review coverage, and this information is then presented to the General Manager. The Director of Finance reviewed the cost of assets in December, 2019, and deemed insurance to be adequate.

Table 4: Summary of insurance review. Details available for inspection.

	Date of Review since last report	Reviewed by	Coverage Amount	Ade-quate?	Does data support compliance?
Commercial (Covers all business units)	Dec. 2019	Director of Finance General Manager			
Buildings			\$10.13 million	Yes	Yes
Business Property			\$9.61 million	Yes	Yes
Business Interruption			\$4.400 million	Yes	Yes
IT	Dec. 2019	Director of Finance General Manager			
Hardware & Software			\$500,000	Yes	Yes
Income/Extra Expense			\$800,000	Yes	Yes

I report compliance.

EL 3.5: Unnecessary exposure to liability or lack of insurance protection from claims of liability.

Operational Definition/Interpretation:

The Co-op has policies procedures in place to address the following areas:

- employees, safety practices, and hazardous conditions;
- effective training for staff; and
- adequate liability insurance, including business liability and directors/officers liability.

Co-op management or a third party makes periodic reviews of all facilities. Compliance is determined by finding a lack of hazardous conditions or finding hazardous conditions that are corrected in a reasonable timeframe.

Compliance is also determined when insurance coverage for business liability and directors/officers liability is deemed adequate.

Data:

Managers at all locations are expected to perform a daily walk around the facility to check on safety issues.

On a quarterly basis, a loss control expert from our insurance provider tours all facilities with members of the Co-op’s Joint Loss Management Committee and/or representatives of our Facilities Department. The goal is to identify potentially hazardous conditions. This tour took place four times in the past year. The results of these walk throughs are sent to the Director of Administrative Operations who reviews them with the Director of Business Unit Operations and the Facilities Manager.

All hazardous conditions are rectified in a reasonable time frame, and ongoing discussions to address repeat issues occur in Operations and Facilities meetings. Fire extinguisher and emergency light checks are performed monthly by our Facilities Team.

The Co-op carries liability insurance in the amount of \$1 million dollars in general liability, with umbrella liability coverage of \$10 million.

The Co-op carries an additional \$500,000 in liability coverage on company vehicles.

To ensure adequate coverage for liability, the Director of Finance reviews liability insurance policies yearly with our insurance agent. Directors/officers liability insurance is carried in the amount of \$2 million dollars and is also reviewed annually in December by the Director of Finance and insurance agent for adequacy.

See summary Tables 5 and 6, below.

Table 5. Summary of inspection for hazardous conditions. Detail available for inspection.

EL 3.5 table 5

	Responsible Party	Did it happen? # of times since last report compared to 100% possible	Is there a record indicating either lack of hazardous conditions or that all hazardous conditions were rectified in a reasonable time frame?	Does audited data support compliance?
Fire extinguisher checks 100% possible = 12 times	Facilities Department	Yes, 12 out of 12	Yes	Yes
Fire Panel inspections Qrtly inspection 100% Possible = 4 times	Hampshire Fire	Yes, 4 out of 4	Yes	Yes
Hood Ventilation systems Bi-annual inspections 100%	Hampshire Fire	Yes, 2 out of 2	Yes	Yes

Possible = 2 times				
Fire sprinkler suppression Annual inspection 100% possible = 1 time	Hampshire Fire	Yes, 1 of 1	Yes	Yes
Emergency lights monthly 100% possible = 12 times	Facilities Department	Yes, 12 out of 12	Yes	Yes
Insurance walk around audits Qrtly inspection 100% = 4 times	Director of Administrative Operations	Yes, 4 of 4	Yes	Yes

On the following page: Table 6: Summary of liability insurance review. Detail available for inspection

	Date of Review since last report	Reviewed by	Coverage Amount	Adequate?	Does data support compliance?
Commercial (covers all business units)	Dec. 2019	Director of Finance General Manager			
Coverage Limit			\$500,000 per occurrence	Yes	Yes
Aggregate Limit			\$1 million per year	Yes	Yes
Fire Liability			\$500,000 per fire	Yes	Yes
Medical Payments			\$10,000 per person	Yes	Yes
Umbrella	Dec. 2019	Director of Finance General Manager	\$10 million	Yes	Yes
D&O	Dec. 2019	Director of Finance General Manager	\$2 million	Yes	Yes

I report compliance.

EL 3.6: Unprotected data, intellectual property, information, or files, considering potential loss, theft, or significant damage.*Operational Definition/Interpretation:*

The Co-op has strict procedures in place to protect electronic and paper-based records. Data and knowledge vital to the function and future prosperity of the Co-op is protected by adequate procedures to secure them from loss.

Procedures are regularly reviewed by members of management and outside parties and updated as necessary. Compliance is shown through the absence of material losses.

Data:

All paper-based records are secured at the Co-op in locked file cabinets. Access to this information is on an as-needed basis only. Paper-based records are retained following publicly accepted practices for length of time. The Co-op maintains secure off-site storage of records older than one year. The Co-op experienced no loss of paper-based records since the last report.

The Co-op has no unprotected electronic data. Co-op electronic data that is created and stored within our network is protected from third-party access by firewalls, and use of distinct usernames, passwords, and ACLs (Access Control Lists).

ACLs are established for each folder, file, and application in accordance to the principal of least privilege. This principal indicates that every user, process, and program must be assigned permissions to allow access to only the information and resources necessary to complete the tasks or function. Physical access to IT server rooms is restricted by the use of closed and locked doors. Automated backup systems, network deep packet inspection, web content filtering, and SPAM and virus protection systems are also in place. The Co-op experienced no material loss of electronic data since the last report.

Human Resources pays particular attention to the protection of electronic data and how it secures its paper files. The laptop computers used by the Human Resources employees are encrypted for security purposes as they are frequently used outside of the Resource Center. HR has a shared data drive and access is limited to the employees in the HR department. Central paper files are secured in locked fireproof cabinets and access is limited to only HR employees who have a business need to utilize them. The Director of Administrative Operations, the Human Resources Manager and the Human Resources Generalist are the only employees who have keys to the file cabinets. Files maintained in individual offices are locked when not in use and the offices are locked when not occupied. The Co-op experienced no loss of paper-based records since the last report.

I report compliance.**EL 3.7: Damage to the Co-op's goodwill, its public image, its credibility, or its ability to accomplish Ends.***Operational Definition/Interpretation:*

We operate in a transparent manner and create programs that have genuine and lasting impact.

Data:

Human Resources

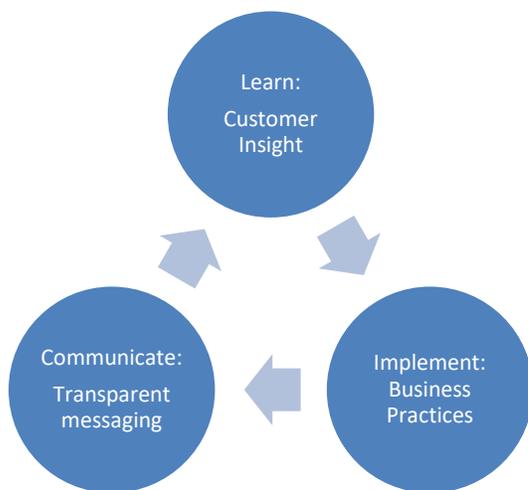
Education begins at orientation for newly hired employees and continues through on the job training, online and in-person classes, and independent learning through visits to vendors to learn more about their products and how they are made. A new vibrant leadership program has been created by our Employee Learning and Development Manager, who has also created new job function specific mini-courses which have been added to the Pathways library.

Knowledgeable Co-op employees can better serve our shoppers by providing a more enjoyable customer experience, which accomplishes our Ends and fosters a positive public image and goodwill.

Member Services and Outreach

Good customer relationships are a critical component of goodwill. One key indicator of good customer relationships is how loyal customers are to a business. Research indicates that customers are more loyal to businesses, especially grocery stores, that understand the customer’s individual needs, are transparent in communications, and are trustworthy. According to FMI’s 2019 shopper trends report, “retailers must work to earn consumer trust by delivering consistently high-quality, safe products and outstanding, shopper-centric customer service as well as by proactive and well-communicated business practices, policies and actions that clearly situate the company on the shopper’s side.” (FMI 2019 shopper trends.)

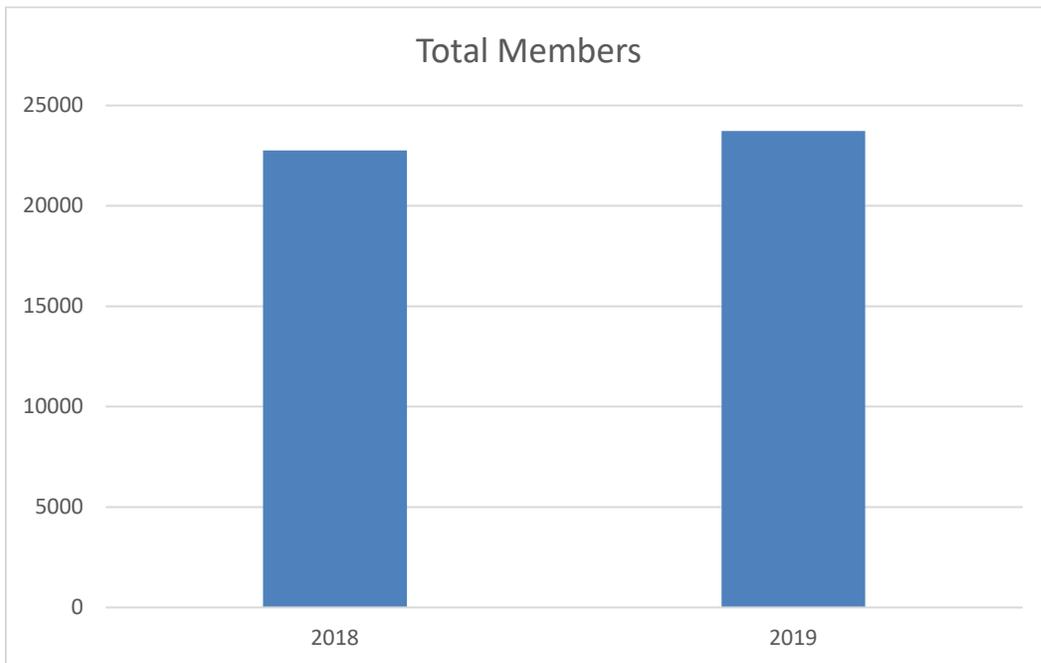
Protecting the goodwill of the Co-op starts with understanding what our members and customers want. We accomplish this by learning from our members through a variety of channels such as surveys, comments, social media interactions, and customer interviews. We incorporate this feedback into running our business. The goal is to meet the expectations our customers have of us and maintain trust through transparent communications of these practices.

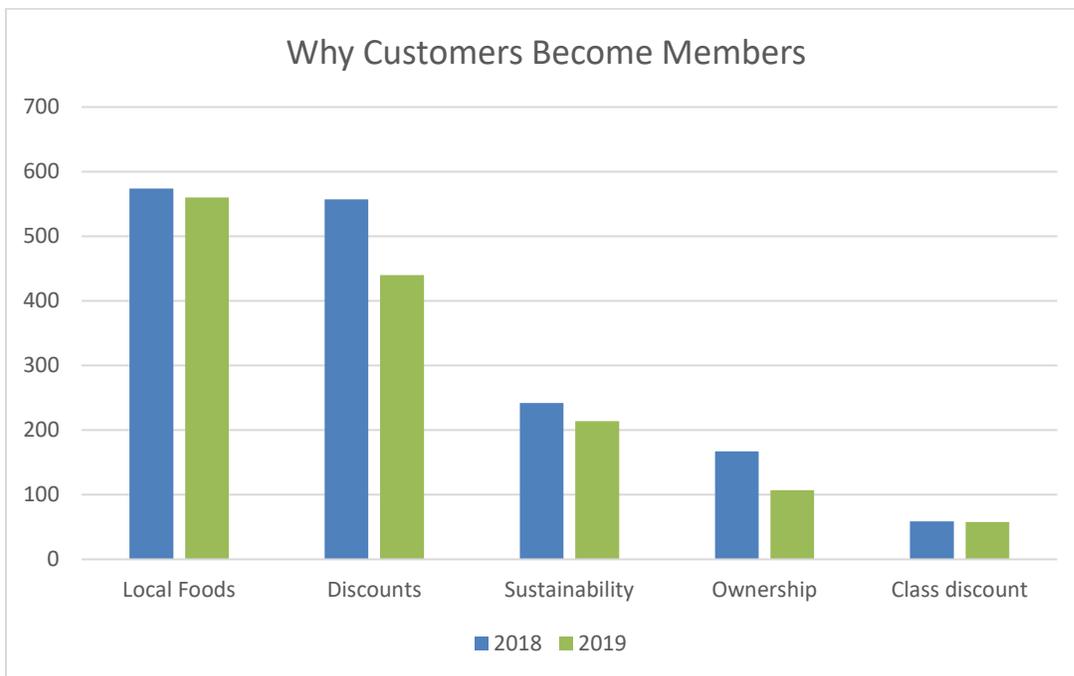
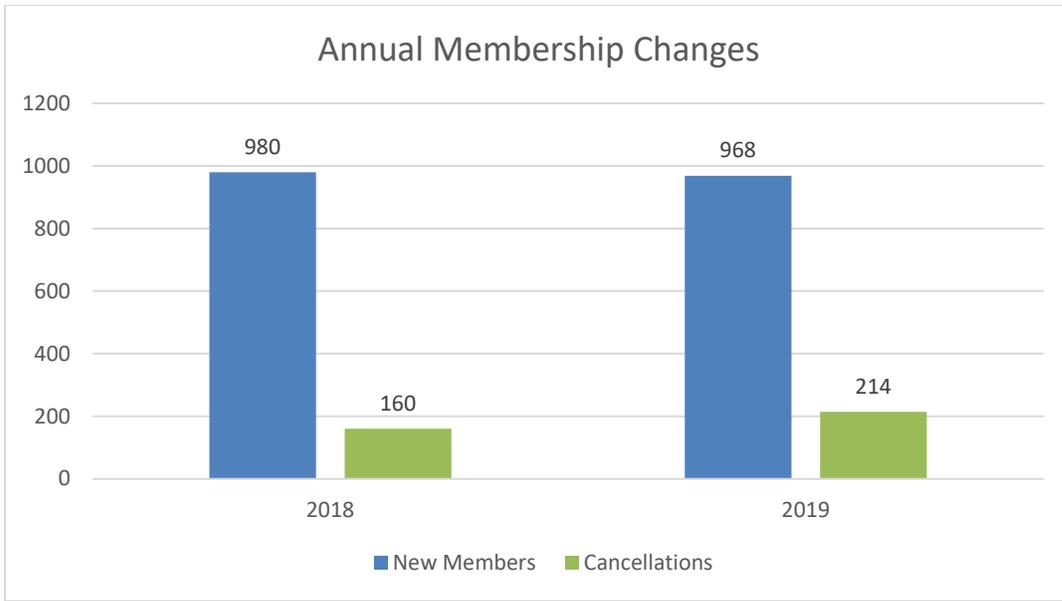


A primary indicator of customers who are loyal to our cooperative is the conversion of a customer to a member. This demonstrates that our co-op has executed the above plan effectively. A customer is taking an action

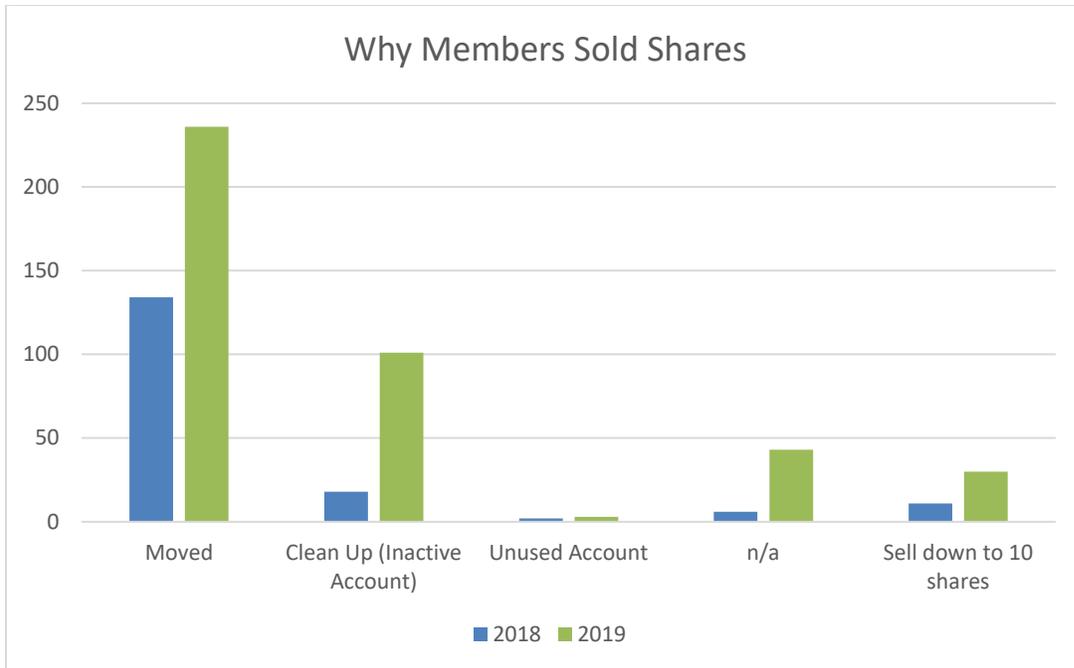
(investing in a membership) to deepen their relationship with our cooperative based on our ability to understand their needs, implement business practices that resonate with them and communicate our practices in a way that customers understand them. Therefore, to measure our Co-op’s customer goodwill, we track the retention and acquisition of members, as well as why customers choose to become members. Our retention of members and conversion of customers to members remained high for 2019.

Secondly, we also monitor how our customers feel about our business through monitoring our Net Promoter Score, a metric that is standard across all retail industries to indicate customer loyalty to a business. NPS measures how likely a customer is to recommend our business to friends and family. Based on our 2019 customer survey, our cooperative maintains a high NPS rating, especially compared to our core competitors.

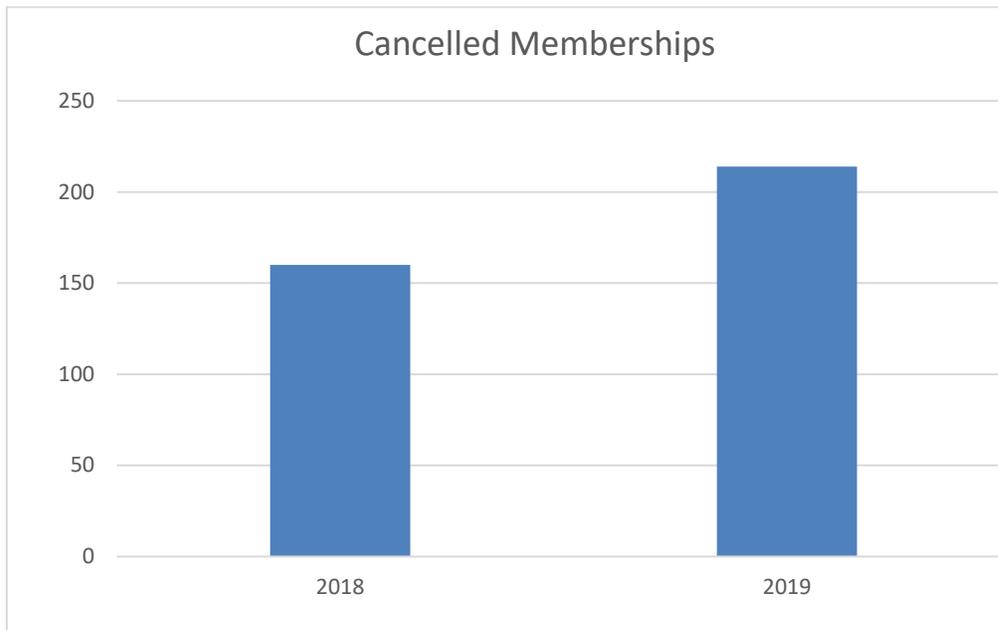


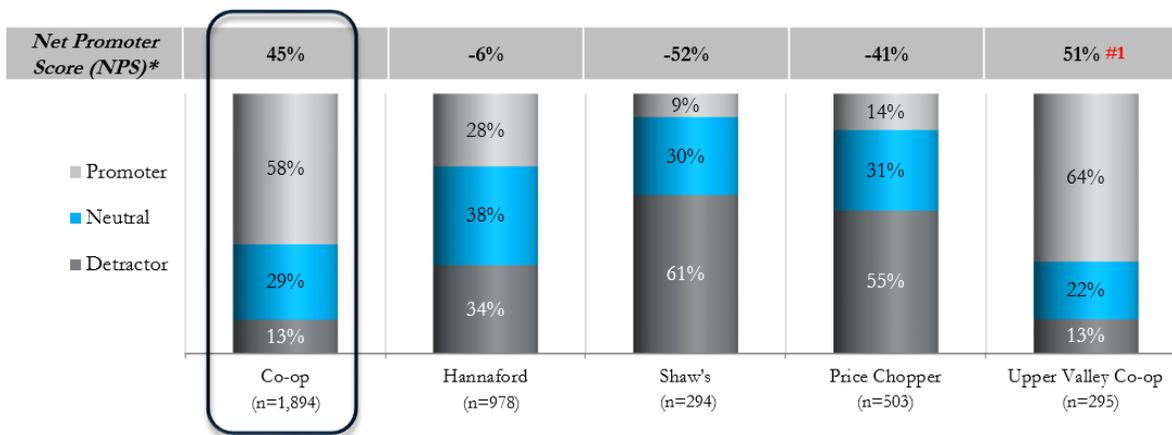


*Note: members can select more than one reason



*Note: In 2018 there was no database cleanup (the process of contacting all accounts that have been inactive for five or more years). Clean up numbers in 2018 were members who were part of the 2017 process but did not make final decisions until 2018.





Public & Governmental Affairs

The over-arching goals of our public and government affairs work are to expand community partnerships and deepen cooperative relationships.

As detailed in our 2020 business plan, the Hanover Co-op’s Public and Government Affairs Director Allan Reetz divides most of his time across local matters of food security, workforce housing, transportation, wage fairness, and the region’s food economy.

The building of cooperative relationships is done with national co-op partners. Opportunities to sway legislative efforts around wage fairness have been limited.

From last June through February, the majority of Allan’s time was dominated by work on local and New England housing issues and transportation matters. His food security and agricultural efforts centered on advocacy and network building, which together received less attention than the first two topics listed above.

Since the arrival of COVID-19 in early March of this year, our public and government affairs work has shifted almost entirely to matters of food security, food distribution, and the long-term viability of our regional food economy. Partial results of that pivot are seen in expanding partnerships with New England food and farm advocacy organizations, including; New Hampshire Food Alliance, Vermont Agency of Agriculture, Farm to Institution New England, and NOFA-VT. Nearly all of that work has occurred in from mid-March through early May; outcomes are still developing.

Because of the pandemic’s clamp-down on housing legislation and related community initiatives, along with the curtailment of public transportation, Reetz made a near total shift to food and Ag issues. That change has *not* come at the expense of housing and transportation work; there is simply not much legislative and community work happening on those issues at this time. Once the fog of COVID-19 lessens, critical work in those other areas will ramp up as time permits.

Examples of success and collaborations across all work categories include:

Housing Related

Housing: Lebanon City Council Meetings, Lebanon: *Rezoning of property adjacent to Centerra*. Testimony given before the New Hampshire Senate Judiciary Committee. (Committee chair, [Martha Hennessey](#), represents District 5, which includes Hanover, Lebanon and surrounding towns.)

Housing Principles work with New Hampshire Businesses for Social Responsibility (NHBSR). A set of six housing principles spearheaded by Allan and a committee colleague has been finalized by the advocacy sub-committee and approved by NHBSR board, and is soon to be posted for sign-on by businesses around the state.

Housing: Participated in affordable housing roundtable: *The Housing We Need*, St. Anselm College, Concord, NH

Food Security Related

Agriculture: Initiated and hosted a workshop on USDA's Rural Energy for America Program (REAP): Our 2-hour event was coordinated with Vital Communities and USDA. REAP offers grants and loan guarantees for energy improvements to small-scale farms and small businesses. Our workshop attracted 15 attendees, including solar service providers

Public and Government Affairs peer-to-peer learning with PCC Natural Markets: Five-hours of meetings covered a variety of **advocacy and food security** topics.

Food Security: Advocacy work for New Hampshire State funding for Double Up Food Bucks (DUFB). Testified in support of \$150,000 in state funding for DUFB. Such funding would help secure federal matching funds.

Farm stability: Advocacy directed at Deb Grantham of New York's Extension Service at Cornell University (New York's Land Grant University). Topic: Dearth of new science-based data on integrated pest management practices.

Transportation Related

Transportation: Advocacy for state-level funding of public transportation; direct collaboration with Upper Valley Transportation Management Association; worked with Vital Communities on transportation survey of commuters working in the Centerra Business Park.

Collaborations

Cooperative collaborations: Delegate to the National Farmers Union Convention (NFU) in Savannah, Georgia. Three-day event charting the coming year for NFU.

Cooperative collaborations: [Co-op IMPACT Conference](#). Organized by NCBA CLUSA, the 2019 IMPACT conference gave voice to the notion that cooperatives are positioned well to grow in a rapidly changing economy. The conference attracted co-op developers, financiers, community and city leaders, innovators, economists, and policymakers.

Regional Economy: Hosted Vermont Governor Phil Scott's *Capital for A Day* visit to Windsor County. In welcoming the governor, we shared with him a snapshot-view of the Hanover Co-op's impact on Vermont.

Each year, we report on media coverage from the prior 12 months. The latest Media Coverage Report is linked [here](#). It is an interactive report, so clicking on stories and highlights will bring readers to related content.

I report compliance.

GP 7 monitoring report

Report author: Jessica Saturley-Hall

This report covers the period from May 2019 through May 2020.

- To determine compliance, Board packets and Board meeting minutes from May 2019-April 2020 were examined for evidence of each aspect of the GP 7 Board Monitoring policy.
- I also conducted a SurveyMonkey online survey of all Board members and the GM to solicit their feedback and suggestions regarding GP 7. These are included as an addendum at the end of this report.

GP 7.1: Statement of Policy: The board will assess and improve its own performance by annual assessment of compliance with GPs and B-GMs.

Evidence: Reports for most B-GMs and GPs were submitted over the course of the year, with the exception of GP 4. The Board changed its monitoring calendar during this year, so there was some confusion in terms of which periods (2018 vs. 2019) were covered by monitoring reports.

GP 7.2: Statement of Policy: Responsibility for preparing and presenting monitoring reports will be allocated among all Board members.

Evidence: all Board members were assigned monitoring reports as part of the Governance Action Plan (GAP) regularly circulated among Board members and in meeting packets.

GP 7.3: Statement of Policy: Reports will be discussed at meetings to determine the Board's position and take relevant action.

Evidence: Monitoring of GPs and B-GMs was regularly scheduled on the agenda as part of the Board's monthly meetings. Meeting notes do not often indicate that the board took "relevant action" in response to the monitoring reports.

GP 7.4: Statement of policy: The Board will disclose compliance information to the membership.

Evidence: While some monitoring reports were included in Board packets or meeting notes, others were not (usually due to the timing of when they were submitted). Some were sent as emails among Board members or were only discussed in executive session, without being included as part of the meeting minutes or the Board packets.

SUMMARY: The Board has made many changes to its governance processes over the previous year. There has been confusion among some Board members about how and when to write and submit a monitoring report, and Board members have not consistently responded to monitoring requests. A review of the Board packets and meeting minutes revealed uneven reporting efforts and inconsistent disclosure of compliance to the membership. It was extremely difficult when putting together this report to locate and assess all the monitoring reports due to the variety of ways they were submitted

and the timing of when they were submitted (email vs. in the board packet was particularly problematic). Overall, while I see the intention to comply with the policy and the possibility of doing so in the future, I do not believe the Board is currently in compliance with GP 7.1 (we do not have a monitoring report for GP 4) or GP 7.4 (compliance information regarding the GPs and B-GMs is not always available in the meeting minutes or packets).

OBSERVATIONS AND SUGGESTIONS:

- Training all board members in a standardized format for monitoring reports would potentially help with the unevenness of reporting and with disclosing compliance information to the membership. Suggest reviewing the Governance Coach materials regarding monitoring reports with all Board members.
- The Governance Action Plan (GAP) appears to be a strong tool for keeping track of and identifying the Board's compliance with its own monitoring practices.
- It has been suggested that the Board assign monitoring to small committees instead of individuals; this could help with the standardization of reporting, as well as help newer Board members to learn how to conduct monitoring.
- Monitoring is only as valuable as the actions taken to address the challenges identified. Emphasizing action as part of the Board's response to monitoring reports (rather than simply a vote on compliance or non-compliance) would put the focus on monitoring as a tool for the Board's self-improvement rather than simply a policy governance formality.

#1

COMPLETE

Collector: Web Link 1 (Web Link)
Started: Thursday, May 14, 2020 8:59:19 AM
Last Modified: Thursday, May 14, 2020 9:10:44 AM
Time Spent: 00:11:25
IP Address: 71.235.190.40

Page 1: Introduction and explanation of intent

Q1**Thomas Battles**

What is your name?

Page 2: GP 7 - Monitoring Board Performance

Q2

To the best of your knowledge and in your opinion, is the Board in compliance with GP 7.1?

Yes,

If you answered YES, please provide one or more examples of how the Board is in compliance with GP 7.1.:

I think the monitoring is dynamic which it should be.

Q3

To the best of your knowledge and in your opinion, is the Board in compliance with GP 7.2?

Yes,

If you answered YES, please provide one or more examples of how the Board is in compliance with GP 7.2.:

Absolutely. I think under our President's leadership we have made tremendous progress in this regard.

Q4

To the best of your knowledge and in your opinion, is the Board in compliance with GP 7.3?

Yes,

If you answered YES, please provide one or more examples of how the Board is in compliance with GP 7.3.:

Yes, I think we have made great strides in presenting a diversity of opinions and we are becoming more tolerant of dissenting opinions. I think it is hard for individual members to support the "one voice," once a decision is made. We need to be more vigilant in this regard.

Q5

To the best of your knowledge and in your opinion, is the Board in compliance with GP 7.4?

Yes,

If you answered YES, please provide one or more examples of how the Board is in compliance with GP 7.4.:

This has always been the case from my perspective. I think we are recording both video and audio of our meetings now which lends to even more transparency. I think the board should discuss opening up/recording the Chat room for the members, or maybe, shutting it down completely.

Q6

Other comments, including suggestions to improve compliance or suggested improvements to the policy itself:

Thank you, Rosemary, and supporting board members, for pushing us to monitor more effectively.

#2

COMPLETE

Collector: Web Link 1 (Web Link)
Started: Thursday, May 14, 2020 9:50:19 AM
Last Modified: Thursday, May 14, 2020 10:03:58 AM
Time Spent: 00:13:38
IP Address: 64.223.65.139

Page 1: Introduction and explanation of intent

Q1**Paul Guidone**

What is your name?

Page 2: GP 7 - Monitoring Board Performance

Q2

To the best of your knowledge and in your opinion, is the Board in compliance with GP 7.1?

Yes,If you answered YES, please provide one or more examples of how the Board is in compliance with GP 7.1.:
see comment 6**Q3**

To the best of your knowledge and in your opinion, is the Board in compliance with GP 7.2?

Yes,If you answered YES, please provide one or more examples of how the Board is in compliance with GP 7.2.:
see comment 6**Q4**

To the best of your knowledge and in your opinion, is the Board in compliance with GP 7.3?

Yes,If you answered YES, please provide one or more examples of how the Board is in compliance with GP 7.3.:
see comment 6**Q5**

To the best of your knowledge and in your opinion, is the Board in compliance with GP 7.4?

Yes,If you answered YES, please provide one or more examples of how the Board is in compliance with GP 7.4.:
see comment 6

Q6

Other comments, including suggestions to improve compliance or suggested improvements to the policy itself:

I have been the Interim General Manager since March 8th. My comments may or may not be relevant to this GP 7 but may be helpful to the Board in general. During this time, I have found the Board, in general, and with respect to certain individuals, to be supportive, willing to offer help as needed, constructive, rather than intrusive, with ideas and suggestions and respectful of my time. Although there may have been differences of opinion on certain issues, the Board let me "get on with it" and manage the day to day operations. Therefore, I feel the Board has demonstrated a very good working knowledge and practice of the core tenets of policy governance by not attempting to insert themselves, collectively or individually, into the daily operation of the Co-op. For that, I am appreciative and grateful. Respectfully submitted, Paul Guidone.

#3

COMPLETE

Collector: Web Link 1 (Web Link)
Started: Thursday, May 14, 2020 9:54:09 AM
Last Modified: Thursday, May 14, 2020 11:00:03 AM
Time Spent: 01:05:54
IP Address: 70.16.104.146

Page 1: Introduction and explanation of intent

Q1**Rosemary Fifield**What is your name?

Page 2: GP 7 - Monitoring Board Performance

Q2

To the best of your knowledge and in your opinion, is the Board in compliance with GP 7.1?

Yes,

If you answered YES, please provide one or more examples of how the Board is in compliance with GP 7.1.:

The board has a monitoring schedule that puts each policy up for annual review.

Q3

To the best of your knowledge and in your opinion, is the Board in compliance with GP 7.2?

No,

If you answered YES, please provide one or more examples of how the Board is in compliance with GP 7.2.:

Policies were assigned. How well each board member addressed their responsibility varied, and some board members professed that they did not understand what they were supposed to do and therefore did nothing. As a result, we cannot claim compliance in terms of individual performance, but the intent of the board as a whole was to self-monitor for the purpose of improvement. We are still in a learning phase.

Q4

To the best of your knowledge and in your opinion, is the Board in compliance with GP 7.3?

No,

If you answered YES, please provide one or more examples of how the Board is in compliance with GP 7.3.:
Each policy monitoring was placed on the agenda with the intent to discuss. What has not been addressed in those discussions is why some board members do not respond to requests for input. Also in question is why some board members consistently refuse to fill out meeting evaluations that would contribute to improving the overall quality of board meetings. Being up front with opinions and concerns allows them to be addressed constructively, which should be our goal.

Q5

To the best of your knowledge and in your opinion, is the Board in compliance with GP 7.4?

Yes,

If you answered YES, please provide one or more examples of how the Board is in compliance with GP 7.4.:
Board meeting minutes reflect actions taken during board meetings and include monitoring of policies related to the board.

Q6

Other comments, including suggestions to improve compliance or suggested improvements to the policy itself:

Every board member is given the opportunity to provide feedback and suggestions that would improve board performance. We cannot address concerns that are not brought up in a forthright manner, nor can improvement be made if we are not willing to voice concerns to the group as a whole. This is less about this policy and more about GP 4—Board Members Code of Conduct, but ultimately the board's ability to continuously improve its own performance is compromised when individual board members do not contribute to the effort in a positive way.

#4

COMPLETE

Collector: Web Link 1 (Web Link)
Started: Thursday, May 14, 2020 12:32:45 PM
Last Modified: Thursday, May 14, 2020 1:05:55 PM
Time Spent: 00:33:09
IP Address: 64.223.65.139

Page 1: Introduction and explanation of intent

Q1**Kevin Birdsey**What is your name?

Page 2: GP 7 - Monitoring Board Performance

Q2

To the best of your knowledge and in your opinion, is the Board in compliance with GP 7.1?

Yes,

If you answered YES, please provide one or more examples of how the Board is in compliance with GP 7.1.:

We have hit all GPs and B-GMs this year, and typically do each calendar year. We fell behind in February and March, but I believe we caught up. -KB

Q3

To the best of your knowledge and in your opinion, is the Board in compliance with GP 7.2?

Yes,

If you answered YES, please provide one or more examples of how the Board is in compliance with GP 7.2.:

The reports were allocated in June. Emmanuel's GP 4 report last month focused on possible improvements to the policy, and I am sure there were others that included that line of thinking in theirs. It seems we may assign the reporting to individuals again. I think we should continue the discussion on how that happens so that we maintain consistency of reports, but also allow for different styles of reporting. If we decide to not assign reports to individual directors, I think it would be best to change the language of this sub-policy. -KB

Q4

To the best of your knowledge and in your opinion, is the Board in compliance with GP 7.3?

Yes,

If you answered YES, please provide one or more examples of how the Board is in compliance with GP 7.3.:
As mentioned earlier, we skipped a few, but eventually came back to them. Discussing relevant action- There were probably others, but the best I can recall was discussion of GP 5 (typical for that policy), that the report author was to follow up with the president. Seems the most common action has been for the Governance Committee to work on some revisions to the policy. -KB

Q5

To the best of your knowledge and in your opinion, is the Board in compliance with GP 7.4?

Yes,

If you answered YES, please provide one or more examples of how the Board is in compliance with GP 7.4.:
As any discussion that takes place in our meeting, our monitoring and compliance of GPs and B-GMs is always in the minutes. The minutes and the meeting recordings are available to the membership. I think that we need to establish a definitive answer if we need to vote on anything each time. Determine compliance, acknowledge the report, accept the report, no vote at all? Maybe this very policy is the place to declare that. -KB

Q6

Other comments, including suggestions to improve compliance or suggested improvements to the policy itself:

I have included some suggestions in previous answers. -KB

#5

COMPLETE

Collector: Web Link 1 (Web Link)
Started: Friday, May 15, 2020 10:00:09 AM
Last Modified: Friday, May 15, 2020 10:14:19 AM
Time Spent: 00:14:09
IP Address: 71.192.139.15

Page 1: Introduction and explanation of intent

Q1 **Allene Swienckowski**

What is your name?

Page 2: GP 7 - Monitoring Board Performance

Q2 **No,**
 To the best of your knowledge and in your opinion, is the Board in compliance with GP 7.1?
 If you answered YES, please provide one or more examples of how the Board is in compliance with GP 7.1.:
 In my opinion it's neither yes nor no. It has been shared more than once or twice during the past year that the Self-Evaluations are not returned by all board members routinely. The Board does a much better job monitoring the GM.

Q3 **No,**
 To the best of your knowledge and in your opinion, is the Board in compliance with GP 7.2?
 If you answered YES, please provide one or more examples of how the Board is in compliance with GP 7.2.:
 Based solely on my experience, I think the breakdown of this specific items happens because one board member is responsible for collecting responses from each board member, and often, fellow board members do not fully engage the process.

Q4 **Yes,**
 To the best of your knowledge and in your opinion, is the Board in compliance with GP 7.3?
 If you answered YES, please provide one or more examples of how the Board is in compliance with GP 7.3.:
 Thus past year the process of speaking as one voice has been emphasized, often. The process of taking relevant has been chaotic at times.

Q5 **No,**
 To the best of your knowledge and in your opinion, is the Board in compliance with GP 7.4?
 If you answered YES, please provide one or more examples of how the Board is in compliance with GP 7.4.:
 I do not know.

Q6

Other comments, including suggestions to improve compliance or suggested improvements to the policy itself:

I think it. might be helpful to achieve compliance within the board if the GPs were assigned to a three for four member subcommittee. The process of preparing the report and then soliciting answers from other board members needs to improve.

#6

COMPLETE

Collector: Web Link 1 (Web Link)
Started: Saturday, May 16, 2020 1:16:16 PM
Last Modified: Saturday, May 16, 2020 1:19:53 PM
Time Spent: 00:03:36
IP Address: 64.223.168.67

Page 1: Introduction and explanation of intent

Q1 **Liz Blum**

What is your name?

Page 2: GP 7 - Monitoring Board Performance

Q2 **Yes**

To the best of your knowledge and in your opinion, is the Board in compliance with GP 7.1?

Q3 **Yes**

To the best of your knowledge and in your opinion, is the Board in compliance with GP 7.2?

Q4 **No,**
 If you answered YES, please provide one or more examples of how the Board is in compliance with GP 7.3.:
 The board does not regularly discuss monitoring reports.

To the best of your knowledge and in your opinion, is the Board in compliance with GP 7.3?

Q5 **Yes,**
 If you answered YES, please provide one or more examples of how the Board is in compliance with GP 7.4.:
 The board packet is public and the minutes of meetings and recordings are available to members.

To the best of your knowledge and in your opinion, is the Board in compliance with GP 7.4?

Q6 **Respondent skipped this question**

Other comments, including suggestions to improve compliance or suggested improvements to the policy itself:

#7

COMPLETE

Collector: Web Link 1 (Web Link)
Started: Saturday, May 16, 2020 6:31:21 PM
Last Modified: Saturday, May 16, 2020 6:45:31 PM
Time Spent: 00:14:10
IP Address: 71.192.137.10

Page 1: Introduction and explanation of intent

Q1**Jessica Giordani**

What is your name?

Page 2: GP 7 - Monitoring Board Performance

Q2

To the best of your knowledge and in your opinion, is the Board in compliance with GP 7.1?

Yes,

If you answered YES, please provide one or more examples of how the Board is in compliance with GP 7.1.:

The board complies with GP 7.1 through scheduled and assigned reports compiled and delivered by directors.

Q3

To the best of your knowledge and in your opinion, is the Board in compliance with GP 7.2?

Yes,

If you answered YES, please provide one or more examples of how the Board is in compliance with GP 7.2.:

Yes. These monitoring reports occur on a month basis, and when necessary board members suggest changes. The board discusses these suggestions and decides whether or not to move forward with adopting them.

Q4

To the best of your knowledge and in your opinion, is the Board in compliance with GP 7.3?

Yes,

If you answered YES, please provide one or more examples of how the Board is in compliance with GP 7.3.:

Yes, we do this every month. At our last meeting we reviewed recommendations and came to the decision not to take action on them at that time.

Q5

To the best of your knowledge and in your opinion, is the Board in compliance with GP 7.4?

Yes,

If you answered YES, please provide one or more examples of how the Board is in compliance with GP 7.4.:

Yes, we do this through our public recorded meetings, and with our published minutes.

Q6

Respondent skipped this question

Other comments, including suggestions to improve compliance or suggested improvements to the policy itself:

#8

COMPLETE

Collector: Web Link 1 (Web Link)
Started: Sunday, May 17, 2020 6:15:11 PM
Last Modified: Sunday, May 17, 2020 6:38:36 PM
Time Spent: 00:23:25
IP Address: 73.142.141.151

Page 1: Introduction and explanation of intent

Q1 Emmanuel AjavonWhat is your name?

Page 2: GP 7 - Monitoring Board Performance

Q2 **Yes,**
To the best of your knowledge and in your opinion, is the Board in compliance with GP 7.1?
If you answered YES, please provide one or more examples of how the Board is in compliance with GP 7.1.:
This survey and it's associated report is an example of how this board assesses its performance annually.

Q3 **Yes,**
To the best of your knowledge and in your opinion, is the Board in compliance with GP 7.2?
If you answered YES, please provide one or more examples of how the Board is in compliance with GP 7.2.:
Throughout the year, designated board members prepare and present monitoring reports with respect to Board Process and the Board General Manager relationship.

Q4 **Yes,**
To the best of your knowledge and in your opinion, is the Board in compliance with GP 7.3?
If you answered YES, please provide one or more examples of how the Board is in compliance with GP 7.3.:
As of 2020, reports have been discussed at Board meetings to determine the voice of the Board and to take relevant action as needed.

Q5 **Yes,**
To the best of your knowledge and in your opinion, is the Board in compliance with GP 7.4?
If you answered YES, please provide one or more examples of how the Board is in compliance with GP 7.4.:
As of 2020, the board has disclosed compliance information to membership as evidenced by published meeting minutes on website.

Q6

Other comments, including suggestions to improve compliance or suggested improvements to the policy itself:

Develop a standard way of tracking compliance that would allow the board to identify trends over time.

#9

COMPLETE

Collector: Web Link 1 (Web Link)
Started: Monday, May 18, 2020 10:02:16 AM
Last Modified: Monday, May 18, 2020 10:10:43 AM
Time Spent: 00:08:26
IP Address: 64.223.65.139

Page 1: Introduction and explanation of intent

Q1**Edwin Howes**

What is your name?

Page 2: GP 7 - Monitoring Board Performance

Q2

To the best of your knowledge and in your opinion, is the Board in compliance with GP 7.1?

Yes,

If you answered YES, please provide one or more examples of how the Board is in compliance with GP 7.1.:
 Board process has been monitored as frequently as weekly with our post-meeting feedback surveys. The Board also did a monitoring report regarding its communication effectiveness with the GM.

Q3

To the best of your knowledge and in your opinion, is the Board in compliance with GP 7.2?

Yes**Q4**

To the best of your knowledge and in your opinion, is the Board in compliance with GP 7.3?

Yes,

If you answered YES, please provide one or more examples of how the Board is in compliance with GP 7.3.:
 The Board reviews various reports at its monthly meetings and does vote to accept the report or a motion made regarding the contents of the report as necessary.

Q5

To the best of your knowledge and in your opinion, is the Board in compliance with GP 7.4?

Yes,

If you answered YES, please provide one or more examples of how the Board is in compliance with GP 7.4.:
 I believe the extent of this is what is published and posted monthly in the Board's minutes.

Q6

Respondent skipped this question

Other comments, including suggestions to improve compliance or suggested improvements to the policy itself:

#10

COMPLETE

Collector: Web Link 1 (Web Link)
Started: Tuesday, May 19, 2020 10:55:04 AM
Last Modified: Tuesday, May 19, 2020 11:11:42 AM
Time Spent: 00:16:37
IP Address: 216.66.108.218

Page 1: Introduction and explanation of intent

Q1 **Ann Shriver Sargent**

What is your name?

Page 2: GP 7 - Monitoring Board Performance

Q2 **Yes,**
 To the best of your knowledge and in your opinion, is the Board in compliance with GP 7.1?
 If you answered YES, please provide one or more examples of how the Board is in compliance with GP 7.1.:
 every meeting we have a monitoring report or two on the agenda

Q3 **Yes,**
 To the best of your knowledge and in your opinion, is the Board in compliance with GP 7.2?
 If you answered YES, please provide one or more examples of how the Board is in compliance with GP 7.2.:
 the conversations are open and the gm is present at the meeting and included in them

Q4 **Yes**
 To the best of your knowledge and in your opinion, is the Board in compliance with GP 7.3?

Q5 **Yes,**
 To the best of your knowledge and in your opinion, is the Board in compliance with GP 7.4?
 If you answered YES, please provide one or more examples of how the Board is in compliance with GP 7.4.:
 we make our minutes and recordings available

Q6 **Respondent skipped this question**
 Other comments, including suggestions to improve compliance or suggested improvements to the policy itself:

#11

COMPLETE

Collector: Web Link 1 (Web Link)
Started: Tuesday, May 19, 2020 7:12:11 PM
Last Modified: Tuesday, May 19, 2020 10:56:04 PM
Time Spent: 03:43:53
IP Address: 198.55.239.11

Page 1: Introduction and explanation of intent

Q1

Victoria Fullerton

What is your name?

Page 2: GP 7 - Monitoring Board Performance

Q2

To the best of your knowledge and in your opinion, is the Board in compliance with GP 7.1?

No,

If you answered YES, please provide one or more examples of how the Board is in compliance with GP 7.1.:

Although on the whole our processes are clear, I think our deliberations have on occasion been derailed when ideas, which have been left unexamined, trump our processes. When this happens, it doesn't matter how much our processes are in line, if the Board is lacking a clear understanding of some important precepts. For example, there is the principle of the "Board speaking with one voice". It is a concept that has not been defined properly this year, and yet it has come up in conversation often as it underscores much of our ability to function as a Board. Without proper examining as to what this idea actually means, it can become harmful to our proceedings. This particular idea can be meant to guide a Board in potentially different ways. In the one sense it describes how a Board relates a decision reached as a directive to the GM [to avoid sending mixed signals], however this idea might be trying to make sense in any other arena of the Board's communications, ie. with the member/owners whom we represent or with the public. For example, in order to have transparency, the aim of a Board is to be clear about how a decision came to be, and any communications ought to include both the majority and minority voice and situations that brought it up. Transparency builds trust, and keeps both the employees and members engaged and committed to the vision of the Co-operative. In this regard, speaking with one voice might conflict with this goal. So, no I do not think our process is in compliance, as there have been cases of where had we taken the time to consider what the terms in our language might really mean, it would I believe help us in our process. And thus would help the unity of the Board. -vf

Q3

To the best of your knowledge and in your opinion, is the Board in compliance with GP 7.2?

Yes,

If you answered YES, please provide one or more examples of how the Board is in compliance with GP 7.2.:

I am satisfied with either each one of us being asked for our opinion, or the other way with someone trying to do the research themselves which serves as a framework for the discussion. I think we've given thought to this -vf

Q4

To the best of your knowledge and in your opinion, is the Board in compliance with GP 7.3?

Yes,

If you answered YES, please provide one or more examples of how the Board is in compliance with GP 7.3.:

I think we've gotten better at this lately -vf

Q5

To the best of your knowledge and in your opinion, is the Board in compliance with GP 7.4?

Yes,

If you answered YES, please provide one or more examples of how the Board is in compliance with GP 7.4.:

I think we've gotten better at this lately. -vf

Q6

Other comments, including suggestions to improve compliance or suggested improvements to the policy itself:

Respondent skipped this question

Monitoring Report: GP 8—Cooperative Giving Programs

Submitted by: Rosemary Fifield

May 20, 2019

For the period: May 1, 2019 through April 30, 2020

GP 8 – Cooperative Giving Programs

Cooperative Giving programs advance the Co-op's goals of providing value to the local community, regional agriculture, and the broader cooperative economy.

GP 8.1 *The Co-op's giving programs support the following themes:*

- *Food assistance,*
- *Community building (including support of regional agriculture),*
- *Promotion of cooperative principles and activities, and*
- *Environment, energy and sustainability.*

As will be shown below, the cash donations made through the HCCF supported three of the four themes.

GP 8.2 *Hanover Cooperative Community Fund (HCCF)*

As a permanently endowed fund managed by the Twin Pines Cooperative Foundation (TPCF), 501(c) (3) organization, HCCF is intended to grow over time and to return a portion of its interest to the community.

GP 8.2.1 *The Board will establish an HCCF Advisory Committee with a chairperson chosen from among the board members.*

Tom Battles served as chairperson of the committee.

GP 8.2.2 *The HCCF Advisory Committee will provide options and implications to the Board for annual disbursements from TPCF interest in accordance with the TPCF contract and the following guidelines.*

8.2.2.1 *A portion of the disbursements shall be directed to the Gerstenberger Scholarship.*

No applications for the Gerstenberger Scholarship were received in spite of an extension of the deadline for applications. The portion of funds to be directed to the Gerstenberger Scholarship was left untouched and remains with TPCF.

8.2.2.2 *A portion of the disbursements shall be directed to Community Project Grants*

8.2.2.2.1 *Eligible community projects must be located in the Upper Valley region of New Hampshire and Vermont as defined by the Vital Communities Service Area.*

8.2.2.2.2 *Projects must meet one or more of the four Co-op giving themes (environment, food and hunger, community, cooperatives).*

8.2.2.2.3 *Awards will be made on the basis of application criteria developed by the Committee.*

8.2.2.2.4 *Disbursement of funds must be to a 501(c)(3) organization.*

The committee recommended five Upper Valley 501(c)(3) organizations to receive funds, and all were approved by the Board.

Grafton County Senior Citizens Council:	\$2,500
Good Neighbor Health Clinic	\$1400
Vital Communities	\$2500
West Central Behavioral Health	\$2500
<u>Friends of Mascoma</u>	<u>\$2500</u>

Total: \$11,400

Applicant	\$ Awarded	Theme	Project description
Grafton County Senior Citizens Council	\$2,500.00	Food assistance	Growing need for Meals on Wheels in the Upper Valley where growth has been dramatic
Good Neighbor health Clinic	\$1,400.00	Food assistance/ community	Veggie Voucher Program - encourage patients with chronic illness to improve their diet
Vital Communities	\$2,500.00	Environment/ agriculture	Building a Climate Resilience Farmer Coalition - convene regular climate-focused farmer meetings/workshops to bring climate adaptation resources and experts to the region
West Central Behavioral Health	\$2,500.00	Community	InSHAPE - fitness and nutrition education that focuses on wellness addressing obesity-related health issues and those with severe mental illness
Friends of Mascoma	\$2,500.00	Food assistance	Canaan Community Garden - supply food to residents in need and educate residents on how to be more food secure through community, school and home gardens
UNFUNDED:			
Vermont Center for Ecostudies	\$2,500	Ecology	Connecting birders with landowners for educational purposes

8.2.2.2.5 *The recipient organizations must provide members with a written report on how the funds were used.*

To date, no reports have been received.

GP 8.2.3 *The HCCF Advisory Committee will provide an annual report to the Board of Directors, which will include:*

- *Disbursement recommendations, including: (a) name and nature of each recipient organization or individual, (b) respective amounts, (c) percentages of the total donation going to each organization,*

(d) mention of which Co-op giving theme(s) each donation meets, and (e) a list of organizations that have applied.

- *Cash flow statements*
- *Contributions and investments performance.*

Interest accrued in 2018 and available for disbursement in 2019 was \$13,711.54. An additional \$69.64 remaining from the previous year brought the grand total to \$13,781.18. The total amount awarded through the HCCF was \$11,400, with a remainder of \$2,381.18 to be held by TPCF.

Cash flow statements and investment performance information as provided by TPCF are available upon request from the Director of Finance.

GP 8.2.4 *The HCCF Advisory Committee will provide a brief annual report to the Society at its Annual Meeting.*

No report was provided at this year's remote Annual Meeting by agreement with the Board President.

GP 8.3 *The Allen and Nan King Award for Service to the Community*

At its Annual Meeting, the Co-op will recognize the achievements of one or more Co-op members who have demonstrated concern for the community by bestowing on them the Allen and Nan King Award for Service to Community.

GP 8.3.1 *The administration of this award is the sole responsibility of the Board of Directors, who will set the standards, call for nominations, make the selection, and set the amount of the award.*

No nominations were received for this award in 2019. After reviewing the unsuccessful nominations from 2018 and coming to no agreement, the Board chose not to give the Allen and Nan King Award in 2019.

CONCLUSION: Other than a failure to pursue the lack of reports from recipient organizations, the Board has met the expectations of GP 8 regarding the administration of Board-controlled cooperative giving programs.

A more concerted and possibly earlier effort to seek King Award nominations and applications for HCCF funding is recommended in the future.

EL 7 – Communication and Counsel to the Board

The General Manager shall not cause or allow the Board to be uninformed or unsupported in its work. Accordingly, the General Manager will not

- EL 7.1:** Submit monitoring data that is untimely, inaccurate, or hard to understand.
 - EL 7.2:** Fail to report, or report in an untimely manner, any actual or anticipated noncompliance with any policy of the Board.
 - EL7.3:** Allow the Board to be unaware of relevant trends, public events of the Cooperative, or internal and external changes that may be important to the Board or
 - EL 7.3.1:** concern which employees report directly to the general manager or the job responsibilities of such employees,
 - EL 7.3.2:** arise out of contact with, or actions by, government instrumentalities or other institutions that have significant impact on the affairs of the cooperative,
 - EL 7.3.3:** affect any current or planned capital projects, or
 - EL 7.3.4:** involve matters that members, government authorities or the general public would reasonably expect the Board to be aware of.
 - EL 7.4:** Withhold his/her opinion if the General Manager believes the Board is not in compliance with its own policies on Governance Process and Board-Management Delegation, particularly in the case of Board conduct that is detrimental to the work relationship between the Board and the General Manager.
 - EL 7.5:** Deal with the Board in a way that favors or privileges certain Board members over others except when (a) fulfilling individual requests for information or (b) responding to officers or committees duly charged by the Board.
 - EL 7.6:** ~~Fail~~Neglect to supply for the ~~Board's~~Required Approvals agenda all ~~decisions-items~~ delegated to the General Manager yet required by law, regulation, or contract to be Board-approved.
 - EL 7.7:** Fail to supply direct evidence to the Board on a timely basis that the Cooperative is in compliance with all obligations that may trigger the personal legal liability of Board members.
-

EL 14 - Cooperation Among Cooperatives

Our cooperative is deeply committed to the sixth cooperative principle, which reflects a commitment to cooperation among cooperatives.

~~Accordingly, the General Manager shall not fail to:~~

~~**EL 14.1:** — Operate our Co-op in a manner designed to recognize the spirit of cooperation expressed in Cooperative Principle 6.~~

~~Accordingly,~~

~~**EL 14.1** the General Manager shall not allow our co-op to operate in a manner that fails to recognize the spirit of cooperation expressed in Cooperative Principle 6.~~

GP 3 – Governance Development

The board will invest in its governance capacity. Board skills, methods, and supports will be sufficient to assure governing with excellence while incurring prudent costs.

Accordingly,

GP 3.1 All directors will show a willingness to learn and work within the Policy Governance model.

GP 3.2 New and veteran board members will be provided with the skills and knowledge necessary to discharge their responsibilities most effectively.

GP 3.2.1 The board will invest in outside consultation to provide governance skills.

GP 3.2.2 Board members will participate in CCMA, attend NFCA events and cooperative development training sessions, visit other co-ops, and attend the board meetings of other co-ops.

GP 3.3 Outside monitoring will be arranged so that the Board can exercise confident control over the organizational performance. This includes, but is not limited, to fiscal audit and legal services.

GP 3.3.1 The Board will hire independent, third-party representatives, monitors and/or auditors at rates that are consistent with prevailing market rates for such services in the Upper Valley. The costs of such services should fit within the stated guidelines for the Board's total budget.

GP 3.4 Outreach mechanisms will be used as needed to ensure the Board's ability to listen to member viewpoints and values.

GP 3.5 While the Board will always be vigilant to avoid unnecessary or irresponsible expenses, it is anticipated that the total budget for the Board will typically be in the range of one-tenth to two-tenths of one percent of the organization's total revenues.

GP 3.5.1 The Board shall develop and monitor an annual budget within GP 3.1 limits that includes expense categories that are consistent with the needs of the Board to carry out its other governance and fiduciary responsibilities.

GP 3.5.2 The Board shall develop and follow a budgetary process and schedule that includes the steps needed to put together the budget from the assembling of initial data to the final Board approval, with that approval occurring no later than ~~three months~~ one month before the start of the budget year.

GP 3.5.3 The Board shall monitor its compliance with agreed upon expenditure limits through review of quarterly reports of Board budgeted and actual expenditures provided by the General Manager.

GP 3.5.4 The Board shall develop and follow a process for making changes in the budget during the budget year that balances the need for quick action and the need for ~~all~~ Board members to have the opportunity to review and ~~approve the budget~~ vote on proposed changes.

GP 3.5.4.1: After approval of the final budget, and during the budgetary year, the Board needs to approve of any increases to budget allocations.

GP 5 – President’s Role

The Board President ~~assures~~ ensures the integrity of the Board’s process and, secondarily, occasionally represents the Board to outside parties.

Accordingly,

GP 5.1: The job result of the President is that the Board behaves consistently with its own rules and those legitimately imposed upon it from outside the organization.

GP 5.2 The President shall set the agenda and chair Board meetings, with all the commonly accepted powers of that position.

GP 5.2.1 The President will ~~assure~~ ensure that meeting discussion content will be only on those issues, which according to board policy, clearly belong to the Board to decide, not the GM.

GP 5.2.2 The President will assure that deliberation will be fair, open and thorough but also timely, orderly and kept to the point.

GP 5.2.2.1 The President will ensure that diverse viewpoints are allowed to be presented at Board meetings and that all Board members are free to present their views to the Board.

GP 5.2.3 The President will call for a vote on all seconded motions from the floor.

GP 5.2.4 The President will ~~assure~~ ensure that all decisions are voted.

~~The President will assure that diverse viewpoints are allowed to be presented at Board meetings and that all Board members are free to present their views to the Board.~~

GP 5.2.3: The authority of the President consists in making decisions that fall within topics covered by board policies on Governance Process and Board-GM Linkage, except where the Board specifically delegates portions of this authority to others. The President is authorized to use any reasonable interpretation of the provisions in these policies.

~~The President is empowered to set the agenda and chair Board meetings, with all the commonly accepted powers of that position (for example: ruling, recognizing, etc.).~~

GP 5.3.1 The President has no authority to make decisions about policies created by the Board within Ends and Executive Limitations policy areas. Therefore, the President has no authority to supervise or direct the GM.

GP 5.4 The President may represent the Board to outside parties in announcing board-stated positions and in stating decisions within the area delegated to the President.

GP 5.4.1 The President may delegate this authority but remains accountable for its use.

This policy will be monitored by annual report in November of the President followed by an Executive Session with the GM and without the President in November of each calendar year.

Governance Action Plan

Items in italics have been completed.

color code: current month next month PENDING

Task	Reference	Who	By When	Date done
Current Policies				
<i>Rewrite Governance Committee Charter</i>	<i>Workshop Report p. 22-23</i>	<i>Kevin</i>	<i>May</i>	<i>5/22/2019</i>
<i>Rewrite HCCF Committee Charter</i>		<i>Rosemary</i>	<i>May</i>	<i>5/22/2019</i>
<i>Rewrite GP2 to define board deliverables without references to operations</i>	<i>HCCS Coaching Advisory Report 2019-02, pp. 2-3</i>	<i>Ed Howes</i>	<i>June</i>	<i>6/26/2019</i>
<i>Revise GP 8</i>	<i>discussion w/R. Stringham via email</i>	<i>Rosemary</i>	<i>June</i>	<i>6/26/2019</i>
<i>Revise EL 9</i>	<i>discussion w/R. Stringham via email</i>	<i>Rosemary</i>	<i>June</i>	<i>6/26/2019</i>
<i>Rewrite Diversity Committee Charter to focus on products rather than objectives</i>	<i>HCCS Coaching Advisory Report 2019-03, pp. 3-4</i>	<i>Liz</i>	<i>July</i>	<i>7/24/2019</i>
<i>Revise GP10; write GP 11 Board Committee Structure; committee charters as subpolicies</i>	<i>Workshop Report pp. 8, 17; HCCS Coaching Advisory Report 2019-05 pp.3, 10-12</i>	<i>Gov. Comm.</i>	<i>July</i>	<i>7/24/2019</i>
<i>Review EL 4 Member Shopper Experience</i>	<i>Remove EL4.7 as prescriptive; HCCS Advisory Report 2019-06, p. 4</i>	<i>Gov. Comm.</i>	<i>August</i>	<i>8/28/2019</i>
<i>Rewrite Election Committee Charter</i>	<i>Workshop Report pp.18-19</i>	<i>Gov. Comm.</i>	<i>August</i>	<i>8/28/2019</i>
<i>Revise GP6 to focus on identifying board attributes, not committee process</i>	<i>Workshop Report p. 20-21</i>	<i>Gov. Comm.</i>	<i>August</i>	<i>8/28/2019</i>
<i>Review/revise EL 1 to include multi-year planning</i>	<i>HCCS Coaching Advisory Report 2019-05 pp.3-4, 9 (erroneously marked EL 4)</i>	<i>Gov. Comm.</i>	<i>August</i>	<i>8/28/2019</i>
<i>Revise EL 5 Employee Experience</i>	<i>HCCS Coaching Advisory Report 2019-08 pp.3-4</i>	<i>Gov. Comm.</i>	<i>November</i>	<i>11/20/2019</i>
<i>Revise EL 6 Compensation and Benefits</i>		<i>Gov. Comm.</i>	<i>November</i>	<i>11/20/2019</i>
<i>Revise EL 2 Financial Condition</i>	<i>address 4Q profit effect on compliance</i>	<i>Gov. Comm.</i>	<i>November</i>	<i>11/20/2019</i>
<i>Review GP 9 Neighboring Co-ops</i>	<i>Rescinded</i>	<i>Gov. Comm.</i>	<i>November</i>	<i>11/20/2019</i>
<i>Review EL 14 Cooperation Among Coops</i>	<i>HCCS Coaching Advisory Report 2019-10, pp3-7; revise language to read "not allow"</i>	<i>Gov. Comm.</i>	<i>May</i>	
<i>Review EL 7 Communication and Counsel</i>	<i>add required approvals agenda</i>	<i>Gov. Comm.</i>	<i>May</i>	
<i>GP 5 – President's Role</i>	<i>add orientation responsibility; renumber</i>	<i>Gov. Comm.</i>	<i>May</i>	
<i>Review GP 3 – Governance Development</i>	<i>suggested changes to 3.5.2 from monitoring report (budget timing)</i>	<i>Governance Comm.</i>	<i>May</i>	

Governance Action Plan

Items in italics have been completed.

color code: current month next month PENDING

Task	Reference	Who	By When	Date done
Current Policies (continued)				
Review EL 10 Appropriate Architecture	Any revisions needed?			
B-GM 1	Consider adding: B-GM 1.3 ; Coaching Advisory Report 2020-04, p. 2 Board Holism			
GP Global	Consider revising to be more comprehensive: Coaching Advisory Report 2020-04, pp.3-4 Policy Sizes			
GP 1	Coaching Advisory Report 2020-04, Appendices A, B			
B-GM 4	Coaching Advisory Report 2020-04, p. 4, App. C			
Ends				
<i>Discuss proposed Ends; approve final version; rescind old Ends</i>		<i>Board</i>	<i>June</i>	<i>6/26/2019</i>
<i>Ends Committee Charter</i>	<i>July 24, 2019 Board Meeting minutes</i>	<i>Gov. Comm.</i>	<i>September</i>	<i>9/25/2019</i>
<i>Ends Committee Members</i>	<i>July 24, 2019 Board Meeting minutes</i>	<i>Benoit</i>	<i>September</i>	<i>9/25/2019</i>
Develop member-linkage plan to inform Ends	July 24, 2019 Board Meeting minutes			
Develop a multi-year member linkage plan to inform Ends review	Coaching Advisory Report 2019-02, p.9; Coaching Advisory Report 2019-04, p.12; GP12			
New Policies				
GP 11: Board Committee Structure	Workshop Report pp. 8, 17; HCCS Coaching Advisory Report 2019-05 pp.3, 10-12	Gov. Comm.	July	7/24/2019
GP 12: Board Linkage with Ownership	HCCS Coaching Advisory Report 2019-02, p. 9; HCCS Coaching Advisory Report 2019-04, p. 12	Victoria, April	July	7/24/2019
GP: Handling violations of GP 4: Board Members' Code of Conduct	Workshop Report pp.29-30; 9/25/19 board meeting minutes			
Monitoring				
<i>Review method by which Board self-monitors.</i>	<i>Workshop Report pp. 6-7</i>	<i>Rosemary</i>	<i>June</i>	<i>6/26/2019</i>
<i>Review expectations regarding monitoring of ELs and Ends.</i>	<i>Workshop Report pp. 5-6; HCCS Coaching Advisory Reports 2019-02 pp. 5-6; 2019-03 p. 5</i>	<i>Kevin</i>	<i>June</i>	<i>6/26/2019</i>

Board Self-Monitoring*
2020-2021

Items in italics have been completed.

color code:

current month

next month

overdue

Task	Reference	Who	By When	Date done
GP 9–Working with Neighboring Co-ops	Written report with examples of why conclusion was reached		October	
GP 5 – President's Role	written report based on board input; discuss; deliver results to board president		November	
GP 3 – Governance Development	Written report with examples		December	
GP 2 – Board Deliverables	Written report with examples		January	
GP 10/GP 11 –Board Committees	Evidence-based written report; to include annual reports from committee chairs		January	
GP 4 – Board Members' Code of Conduct	Written report with examples		February	
B-GM 2 – Accountability of the GM	Written report with examples		February	
B-GM 3 – Delegation to the GM	Written report with examples		February	
B-GM Global	Written report with examples		March	
B-GM 1 – Unity of Control	Written report with examples		March	
B-GM 4 – Monitoring GM Performance	Written report with examples		March	
GP Global	Written report with examples		April	
GP 1 – Governing Style	Written report with examples		April	
GP 7 – Monitoring Board Performance	Written report with examples		May	
GP 8 – Cooperative Giving Programs	Written report to include annual reports from HCCF and Allen & Nan King award		May	
GP 6 – Board Process for Recruitment	Written report with examples		June	
GP 12 – Member Linkage	Written report with examples			
	<i>*author can poll other board members, research past board minutes, or interview 3rd parties.</i>			

APPENDIX A

GM Monthly Update: Communication and Counsel to the Board

Submitted by: Paul Guidone, CFA, May 20, 2020

Co-op Board Meeting: May 27, 2020

Reporting Period: YTD April 2020

No action is required in this report.

EXECUTIVE SUMMARY

This report provides a brief analysis and evaluation of the Co-op's operations, YTD April 2020. Methods of analysis include project milestone updates, trends reviews, and snapshot-level departmental and business-unit reporting.

Rhetorically, the general manager's communication and counsel to the Board is informed by two questions—e.g., what are the current challenges facing the business and how is the Co-op responding to those challenges? One could argue that a certain irony accompanies that approach this month, meaning that this report posits that it takes no report at all to articulate the gravity of what the business is up against in this day and age.

To say the least, clearly the retail landscape has changed considerably in the past few weeks. For our cooperative, the outbreak of COVID-19 has led to new hours, the implementation of extensive social-distancing measures, and a fundamental change to the delivery of some of our products and services—such as the rapid-but-measured launch of curbside pickup and online ordering. The report finds that even in the midst of so much change, our performance remains strong in several key areas, including sales, basket size, and customer satisfaction ¹, among other benchmarks.

Other specific takeaways of interest for members of the Board include the following:

Changes in Shopping Behavior. We are not seeing the volume of customers we are used to. We have seen a significant increase in items purchased per customer (+27.7%) and average basket size (+30%) year to date versus same period last year.

Engagement. We expect a dip in engagement in 2020; however, there have been some surprise increases due to the delivery of new formats (e.g., soil series signups, at 85 participants per

¹ See Enhancing Customer Experience, page 11.

session, were much higher).

Benefits. We have provided extensive new benefits to Co-op employees, including raises, discretionary bonuses, a new paid leave program, and relaxed rules around returning to work and requiring medical notes and increased demand for telecommuting.

Products. We remain focused on sourcing critical products that our customers need during the pandemic. These items include paper products and household supplies, pantry items such as canned goods and flour, and fresh dairy and meat items.

Local Partnerships. The commodity beef and pork markets have experienced intensive product shortages and price increases. Many grocery stores are limiting purchases for their customers as they run out of product. Thanks to our local partnerships, we currently have a strong supply of local beef and pork available to our customers and an opportunity to support local farms during a difficult time economically.

Quality. In spite of the pandemic, life goes on. People are home, cooking more, and expecting quality food. We continue to strive to offer the highest possible quality meat, seafood, and fresh produce in our market area.

Clearly all of our benchmarks for success have been made more challenging due to COVID-19 ², but given that our business provides an essential service, as an organization we have been able to weather the storm perhaps better, and certainly more responsively, than many of our neighbors in the local business community. The effectiveness of that response lies in the strength of our employees, who have met the challenges with grace, tenacity, and professionalism. Thus, ultimately, what the outbreak of the virus has not done is to create a fundamental change in who we are as an organization. If anything, our commitment to the cooperative movement and to caring for the communities we serve may be more entrenched in the culture than ever before.

Respectfully submitted,

Paul Guidone, CFA

² See supply and demand, page 10.

Co-op Finance Update

The Finance Department undertook a review of the current debt levels and financing terms on our existing loans over the last year. Based on this review, we have chosen to refinance the current loans with an area bank at attractive rates. Our two current loans with NCB & Ledyard are at 5.00% and 4.00%, respectively. Under the new terms, the interest rate is currently 2.57% as of 5/8/2020. This rate is subject to change until the mortgage is closed.

With the approval of membership, we are moving forward with the new \$3.3 million loan with our new banking partner. The loan provides funding for strategic infrastructure upgrades over the next five years. The rate on this loan is currently 2.90% as of 5/8/2020. This rate is subject to change until the loan is closed.

Our main depository accounts and our line of credits will change to the new bank at the time of closing.

We expect to close the loan by the end of the calendar month of May or early in June 2020.

In April, the Co-op also secured a \$3.0 million loan from the SBA Paycheck Protection Plan (PPP). This loan is based on 2.5x the average monthly payroll over the last 12 months. There is a provision in the loan that allows for the forgiveness of all or part of the loan. To qualify for forgiveness, at least 75% of the proceeds must be used for payroll, the remaining 25% may be used to pay lease payments, utilities, etc. over an 8-week period. The end of our 8-week period will end on June 24, 2020.

The Co-op has incurred approximately \$700,000 (annualized) of unbudgeted expenses in response to COVID-19. These expenses are largely associated with PPE costs, hiring temporary and full time employees and discretionary bonuses.

We expect to request forgiveness on the majority of the loan amount.

Key Financial Data

Financials Combined HCCS	Month				YTD			
	Actual	Budget	Variance	% Variance	Actual	Budget	Variance	% Variance
Sales	6,032,332	5,660,679	371,653	6.57%	26,355,727	24,319,316	2,036,412	8.37%
Cogs	4,078,190	3,758,153	320,037	8.52%	17,795,576	16,158,978	1,636,597	10.13%
Gross Margin	1,954,142	1,902,526	51,616	-1.95%	8,560,151	8,160,338	399,815	-1.75%
Store Wages	1,028,389	941,113	87,276	9.27%	4,300,342	3,944,883	355,460	9.01%
Contribution	925,753	961,413	(35,660)	-11.22%	4,259,809	4,215,455	44,355	-10.77%
Overhead	538,123	525,358	12,766	2.43%	2,372,734	2,230,812	141,922	6.36%
G&A	514,868	519,477	(4,609)	-0.89%	2,096,659	2,183,261	(86,601)	-3.97%
Operating Earnings	(127,238)	(83,422)	(43,817)	-52.52%	(209,584)	(198,618)	(10,966)	-5.52%
SBT	(140,632)	(94,120)	(46,513)	-49.42%	(280,709)	(283,276)	2,567	0.91%

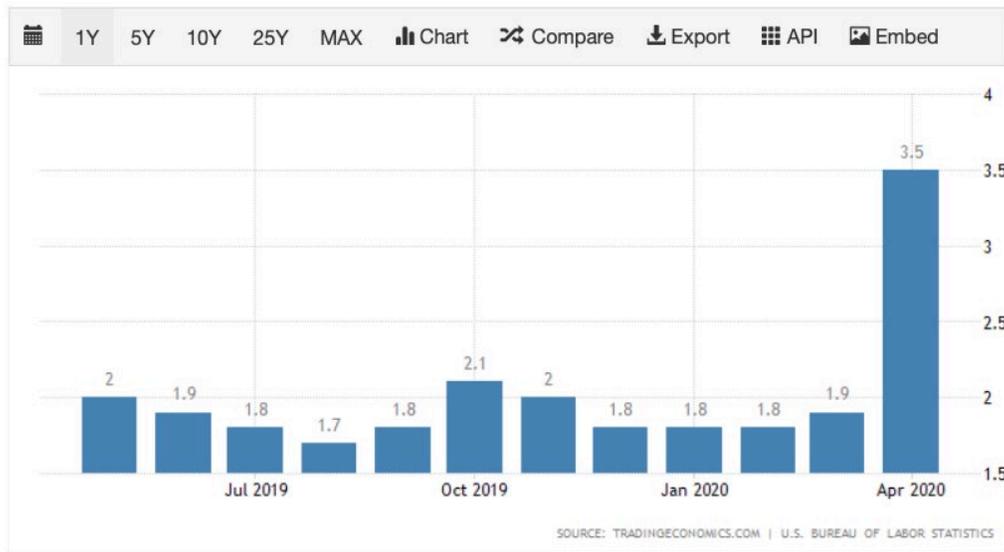
Business Unit - YTD	Lebanon	CLC	Hanover	WRJ	CCM	Service Centers
Sales	11,198,254	15,453	8,744,413	4,610,420	624,577	1,162,610
Budget	10,175,800	26,250	7,981,850	3,969,923	710,971	1,454,522
Variance	1,022,454	(10,797)	762,563	640,497	(86,394)	(291,912)
% Variance	10.05%	-41.13%	9.55%	16.13%	-12.15%	-20.07%

YTD Percent Variance Actual Sales/Budget Sales					
Store Level	Lebanon	Hanover	WRJ	CCM	Combined
Grocery	22.06%	25.81%	24.78%	11.55%	23.54%
Produce	9.95%	7.49%	10.03%	-5.72%	8.72%
Dairy	12.34%	10.41%	12.35%	-0.94%	11.29%
Meat	19.02%	22.95%	28.56%	20.10%	22.28%
PFD	-15.45%	-15.28%	-11.53%	-31.56%	-16.89%
Bin Bulk	1.80%	-12.75%	11.92%	-57.46%	-5.45%
Bakery	-0.28%	11.23%	12.72%	-12.69%	4.20%
Frozen	19.53%	21.54%	18.75%	4.27%	19.58%
HABA	13.74%	3.41%	40.81%	28.95%	11.98%
Beer	11.31%	18.90%	24.34%	-9.72%	15.78%
Wine	0.83%	-1.25%	7.67%	-4.17%	1.07%
Beverage	-0.28%	11.23%	12.72%	-9.74%	5.30%
Seafood	11.07%	6.65%	14.90%	6.95%	9.83%
Cheese	7.37%	9.56%	20.49%	1.69%	9.57%
Deli	3.88%	8.79%	6.40%	1.56%	6.01%
Floral	-10.36%	-13.90%	-1.12%	-12.62%	-10.75%
Sushi	-12.07%	-13.94%	1.40%	-21.58%	-12.19%
Kitchenware	-37.90%	-30.70%	-13.81%	-64.27%	-33.63%

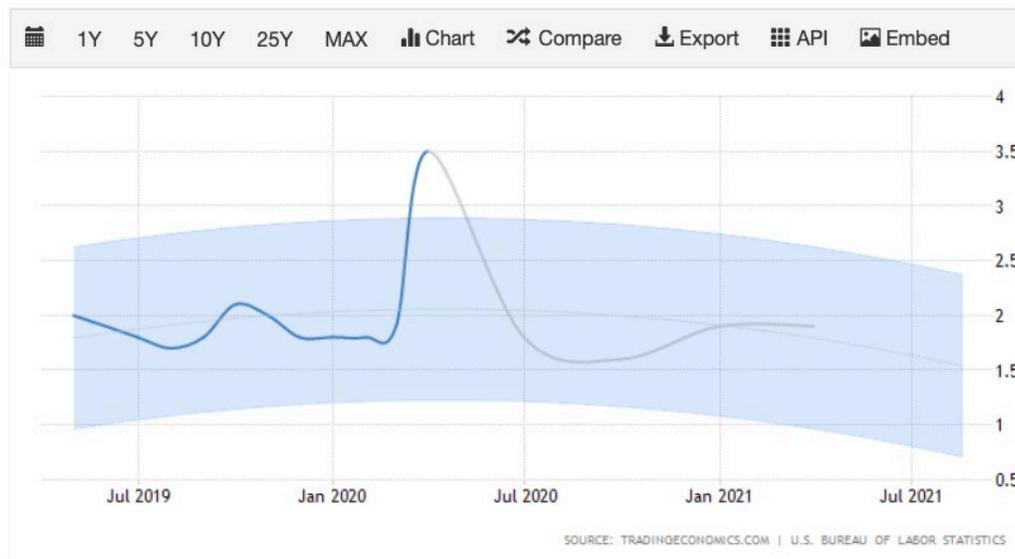
YTD Percent Variance Actual Sales/Budget Sales			
Service Center	Hanover	Norwich	Combined
Gas	-22.46%	0.00%	-22.46%
Parts	13.87%	-24.62%	-15.24%
Labor	-22.80%	-22.83%	-22.82%
Tires	248.05%	107.25%	147.13%

Notes: For example, Lebanon Grocery at 22.06% means actual sales were 22.06% greater than budget sales.

U.S. FOOD INFLATION

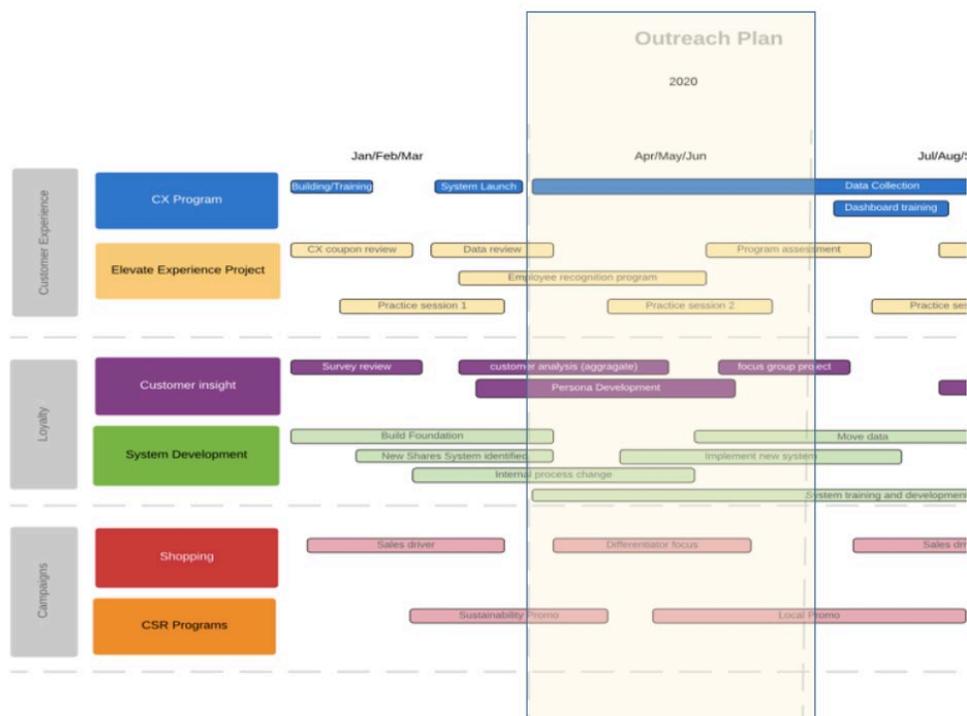


Cost of food in the United States increased 3.50 percent year-on-year in April of 2020, the highest rate since February of 2012. Food at home cost jumped 4.1 percent, as coronavirus lockdown restrictions forced many Americans to stay inside the house.



Food Inflation in the United States is expected to be 1.80 percent by the end of this quarter, according to Trading Economics global macro models and analysts’ expectations. Looking forward, analysts estimate food inflation in the United States to stand at 1.90 in 12 months’ time. In the long-term, the United States food inflation is projected to trend around 1.90 percent in 2021 and 2.10 percent in 2022, according to econometric models.

MEMBER SERVICES AND OUTREACH PROGRESS



Customer Experience

CX Program (customer experience survey): On track. The team has built the program and incentives, integrated it into ECRS, and has been tracking data for the last 2 months (over 190 customers have taken advantage of the incentive). We are currently setting up the next phase to review data with location managers and create a dashboard system.

Personas: Delayed. Progress paused due to COVID-19 limitations to recruitment and interviewing. The team is considering a new process this month in order to develop new personas.

Loyalty

Salesforce: Slight delay. Progress was disrupted by COVID-19 for several reasons, but primarily the core Salesforce team shifted focus to other duties (primarily getting WebCart up and running). The first version of the member database has been constructed (with the exception of the shares tracking ability—also delayed). Due to COVID -19 disruptions, we have rearranged our original phased approach (1. Membership 2. Loyalty tracking 3. Marketing) to push our Loyalty framework to a higher priority while we wait to finish membership.

Campaigns

Shopping: Delayed. Due to COVID-19 most sales promotions were put on hold to focus on more pressing communication needs and limit encouragement of congregation in stores. Because several other circumstances, such as discount structures and supply disruptions, have changed due to current circumstances, marketing and merchandising are currently strategizing new plans for the remainder of 2020.

Social Responsibility Engagement: Delayed. Many of our social responsibility efforts were paused due to COVID-19. For example, the community wide Huskee Swap reusable coffee cup program, our customer-facing recycling programs, and similar programs. The team is currently working on plans to run these programs under new circumstances.

Any engagement efforts that could be shifted online have been (classes, soil series, etc.). We now expect a dip in engagement in 2020; however, there have been some surprise increases due to the new format (soil series signups at 85 participants per session were much higher, for example).

PENNIES FOR CHANGE

Total Member Donations since June 2016: \$886,414.72

Total Collected April 2020: \$8,146.89

Total Collected in 2020: \$51,437.27

April Food Access Recipients

Listen: \$1,629.38

Haven: \$1,629.38

Willing Hands: \$1,629.38

April Community Partners

Waypoint, Partners in Health: \$814.69

The Student Rescue Project: \$814.69

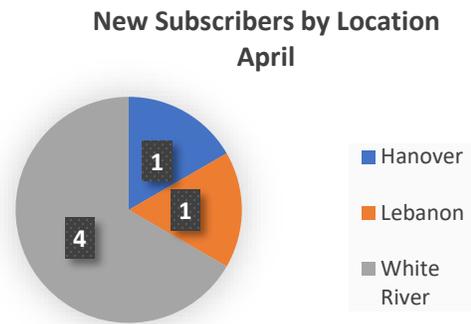
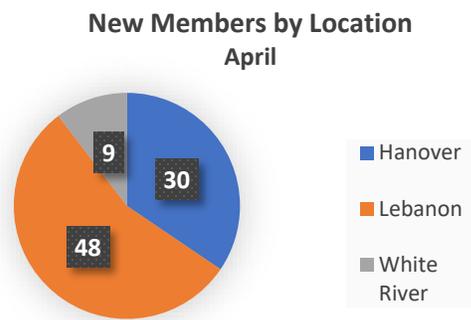
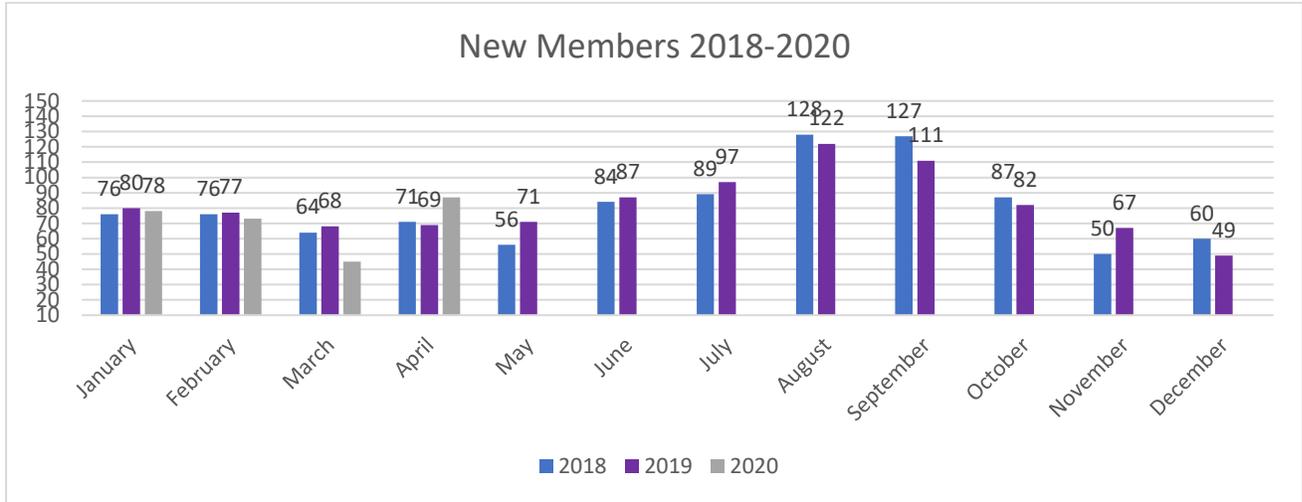
Green Mountain Children’s Center: \$814.69

Vermont Adult Learning: \$814.69

MEMBERSHIP

January-April, 2020

	<i>New Members</i>	<i>Cancellations</i>	<i>Net Change in Memberships</i>	<i>Subscribers</i>
January	78	14	64	15
February	73	6	67	5
March	45	4	41	6
April	87	24	63	6
YTD	283	48	235	
<i>2019 YTD</i>	<i>294</i>	<i>53</i>	<i>241</i>	



BUSINESS UNIT OPERATIONS

Service Center

Since the COVID-19 outbreak began, the service center’s customer count has been down significantly. Most people are not traveling. Automotive repair has declined significantly, and fuel sales declined between 60-70%. Fuel prices have dropped \$0.95 on average per gallon over last year. With states and businesses slowly reopening, we are starting to see a slight increase in demand for fuel and automotive repair.

As a result, revenues have not achieved budgeted numbers. However, they remain ahead of last year’s revenues. Accordingly, Saturday service hours remain suspended at both locations. Hanover fuel dispensing remains self-serve. This has allowed us to control labor costs and overtime. Work schedules remain staggered to keep everyone at 40 hours and healthy.

Realization rates in Hanover have increased slightly while Norwich has decreased slightly. We continue to build our team and business to achieve the 75% goal set at the beginning of the year.

The customer experience for the service centers have changed tremendously. Where we used to see the close personal connection, now we are seeing more keys left in cars or drop boxes. Customers are making other arrangements for paying and more people want to wait outside. We are working on ways to meet the needs of the customers.

Prepared Foods

Demand has decreased significantly in the past couple of months.

The Kitchen now offers a limited menu to our locations. This menu still offers our best-selling items. All items are pre-packed. We are developing a robust Grab-and-Go category of prepared foods that will perform well in the future.

Our “hot” service cases are not open for business at this time, but hot foods are available in most locations. Plated meals are available daily using Co-op-produced sides and starches and in-store made proteins. We also incorporate items from outside vendors to fill these Grab-and-Go plates. This is a preview of the Meal Component Program slated for all locations in the near future.

We are actively developing new recipes during this time of reduced demand for prepared foods. Customer survey results show locally sourced ingredients are important. This spring we have begun to use Laughing Child Farm sweet potatoes and Vermont Salumi sausage products. As the growing season gets underway, we have identified recipes allowing us to highlight the high-quality ingredients our customers are looking for.

Buying Programs and Margin Maintenance

The Merchandising team has a category review calendar in place through the first half of the calendar year. Our category reviews focus on one or more of three primary goals:

- 1) Retail pricing and gross margin review by item,
- 2) Identifying items that sell well in one or two stores but not offered in another, and
- 3) Reviewing items and brands offered at other independent retailers in the northeast that we do not offer.

We plan to schedule category reviews for the second half of the year soon.

We are currently focused on sourcing critical products that our customers need during the COVID-19 pandemic. These items include paper products and household supplies, pantry items such as canned goods and flour, and fresh dairy and meat items.

We continue to strive to offer the highest possible quality meat, seafood, and fresh produce. We are finding some unique opportunities in the fresh product market. The commodity beef and pork markets have experienced intensive product shortages and price increases. Many grocery stores are limiting purchases for their customers as they run out of product. Thanks to our local partnerships, we currently have a strong supply of local beef and pork available to our customers and an opportunity to support local farms during a difficult time economically. The national produce market has not experienced the same product shortages as meat. We are ready for and anticipating a busy local growing season with our farmer partners.

Many promotions available to us from our suppliers have been canceled or postponed. We do continue to offer those promotions that are available.

Many customers are focused on basic items and many prefer fresh products that are pre-packed. In our Prepared Foods departments, we are transitioning to offering meal components and combinations that our customers can eat at home.

The pandemic has dramatically influenced supply and demand. Merchandising continues to focus on sourcing product from a diverse network of distributors while maintaining reasonable and steady pricing for our customers. This has worked to the advantage for our customers. The daily fluctuation of product sourcing has made margin maintenance more challenging than usual for our team. We expect to meet our margin maintenance goals once the supply chain disruptions dissipate.

Workforce Planning

The COVID-19 Pandemic has brought a significant change to shopping behavior. We are not seeing the volume of customers we are used to. We have seen a significant increase in items per customer (+27.7%) and average basket size (+30%) year to date versus same period last year. As a result, we have adjusted store hours and schedules to allow for stocking products, thorough cleaning throughout the day, and implement social-distancing practices.

The store teams continue to fill openings for both permanent and temporary positions. The Hanover and Lebanon teams are building strong foundations to support our curbside initiative. CCM and WRJ will follow as the program continues to expand.

ECRS

Getting WebCart up and running has consumed most if not all of our energy to support the curbside pickup initiative. Store teams have attended webinars to prepare for the program and individuals from Lebanon have spent time training alongside of our Hanover store team. Stores

remain diligent with our perpetual inventory procedures to ensure our on-hand quantities are accurate. Demand fill will be a valuable tool for us once the supply chain is stable.

Food Safety

The COVID-19 outbreak has suspended our planned food safety classes and ServSafe trainings. We have received approval from the State of NH to move forward with our Cryovac programs in both Hanover and Lebanon. This program will allow for convenient Grab-and-Go options and extend the shelf life on several products. Strong cleaning and sanitizing protocols remain in place for employees and customers.

Enhancing Customer Experience

Customer experience efforts have been focused on safety and information. The adjustment we made to discount days has allowed members to select one transaction each month to use their discount and avoid having large crowds in the stores on the 15th and 16th. Daily updates on our supply chain are posted on our website. Product information is displayed by location with category listings of items that are in good supply, limited, or out-of-stock. We also highlight other key information such as disruptions in the meat industry. Store cleaning schedules, changes to store hours, shopper code of conduct, curbside pickup, and service center precautions are also listed and updated as necessary.

PUBLIC AND GOVERNMENTAL AFFAIRS

Speaking Up for Farmers and Food Producers

COVID-19 is not stopping the Hanover Co-op Food Stores from buying local products. Our stores are likely the biggest wholesale buyer many of our vendors have. Despite our purchasing power, their success is also tied to diversified sales outlets. The sudden loss or disruption to their other wholesale channels caused by COVID-19 creates deep uncertainty around the survivability of too many of these local purveyors and farms across the Northeast.

The dramatic impact of COVID-19 could soon overwhelm our producer partners in ways that no short-term disaster funding can negate.

To do our part to prevent that, we are creating and producing a series of audio stories about the Northeast food economy to be aimed at consumers. This project takes the form of a podcast. (First episode in production.) Using our cooperative's connections across the Northeast foodshed, we will do our part to tell food stories to inform consumers about the importance of their long-term support for local food.

Doing so supports one of the founding commitments of our cooperative ... that being its commitment to work closely with the farmers and producers who work the land, tend livestock, cook, and create for the rest of us.

How:

- Research and produce a series of short podcasts to share local/regional food issues in terms that matter to consumers.
- Include interviews clips with farmers, food producers, advocates, and elected/appointed officials.
- Promote the series through Hanover Co-op channels, partner channels, and public/commercial media.

Our first topic is focused on Farmers Markets. As of May 15, nearly all interviews are complete and editing is underway.

NHBSR Webinar

At the invitation of New Hampshire Businesses for Social Responsibility, All Reetz joined forces with Emily Rogers of our Cooperative Engagement department to present on the topic of community leadership and impact. During this early June event, we will highlight details and employee involvement in three outreach programs. Attendees will learn insights from our team as well as beneficiaries.

Report from the Norwich Farmers Market



Vend and stretch

The Norwich Farmers Market (NFM) is now in its 43rd year. Although the Hanover Co-op has no direct connection to this market, this gathering point for farmers, food producers, artisans, and marketgoers has been on Hanover Co-op land on Route 5 in Norwich since the market's founding in 1977. Saturday, May 9 was the opening day of NFM's 2020 season. Given the challenges of selling food in this time of COVID-19, Allan Reetz made a visit to the market to demonstrate our cooperative's support, and to speak with the market manager and vendors. Within minutes of the arrival, Allan was marveling at the impressive steps everyone was taking to create a safe space. Even though no music filled the air, the market featured good food, laughter, and conversation ... albeit muffled by masks.

ADMINISTRATION

In addition to maintaining their normal duties, the main focus of the teams this month was on the Co-op's COVID-19 response and complying with the new federal requirements for employee pay/leave. Here is a list:

Human Resources

- FFCRA – Families First Coronavirus Response Act
 - Emergency Paid Sick Leave – two weeks of paid leave up to 80 hours.
 - Extended Family and Medical Leave – up to 12 weeks of FMLA protected leave for parents with children who have had their childcare or school program closed due to the COVID-19 outbreak.

- Relaxed rules around returning to work and requiring medical notes and increased demand for telecommuting.
- Created a new paid leave program for Co-op employees who have a medical reason not to be at work but have no paid time left.
- Created 32 new regular and temporary positions to be filled in response to our own employees need for leave and the implementation of the new curbside program.
- Paid out two discretionary bonuses through payroll - in two parts - one universal (same amount for all) and one based on hours worked representing 4 weeks of work.
- Put through promised 2nd quarter pay raises in payroll system for all employees hired prior to 1/1/20.
- Created and administered new employee lunch program – Once per week alternating Monday and Thursday so more employees would be able to participate in the program.
- Sourced and provided masks and face shields as needed for all employees at all locations.

IT – Network Systems

- Proactively sourced hardware and prepared laptop computers for employees who wanted/needed to work from home.
- Reallocated third party resources in order to support the new curbside program.

Facilities/Delivery Services

- Instituted a daily walk around at all locations by Facilities team member to ensure supplies of hand sanitizer, cleaning and sanitizing supplies.
- Maintained regular mail and other deliveries while dealing with a low staffing level (due to high risk team members being out) during a period of high demand for services and last-minute needs.

APPENDIX B

<https://www.governancecoach.com/virtual-workshops/>

Policy Governance® Introduction from Governance Coach

A virtual course, including 10 modules designed for your board members to complete individually, but also to learn as a group. It includes:

- video presentations covering all of the Policy Governance principles
- supporting reading materials and tools
- interactive questions to check your understanding of the content
- live webinar sessions with one of our consultants, scheduled and tailored specifically for your board, to answer your questions as you work through the modules, and discuss how the principles would apply in your particular situation.

How You Benefit:

- Live interaction with a professional Policy Governance consultant as you learn
- Your board can learn together even though not physically in the same room
- No travel costs – worldwide (in English)
- Just-in-time orientation for new board members, if you are already using Policy Governance.

Details and Pricing from GC President Jannice Moore to April Harkness:

- Ten modules, covering a complete introduction to the PG model, offered on the Moodle platform used by many universities.
- Each module includes a video/PowerPoint instructional section, varying from about 15 minutes to just under an hour – a total of about 3 ½ hours of instruction, a number of readings, and a set of questions to be answered to ensure the participants have understood the content.
- Several live Zoom sessions/webinars with one of our consultants, at which time participants will be able to ask questions, and have concepts further clarified, as well as discuss how the principles apply to your particular organization. The scheduling and timing of those sessions will be customized for each client.
- Board members will be expected to complete a set number of modules prior to each Zoom session.

While a distance approach to learning is not exactly the same as what would be provided in a live workshop, this is as close as we can make it to provide the same learning opportunity.

The pricing for this course is \$3500 for an entire organization (board and as many admin staff as you choose), or \$600 per person.

APPENDIX C

**FY2020 HCCS Board of Directors Budget - Encumbered
UNAUDITED**

		<u>2020 Budget</u>	<u>Board Budget Amendments 12/18/19</u>	<u>Amended Board Budget</u>	<u>Actual through 3 Months</u>	<u>Encumbered</u>	<u>Actual plus Encumbered</u>
Professional Fees							
	Technical Assistance/Consultants/Legal	-		-	-		
	Legal	\$ 4,500		\$ 4,500		\$ -	
	Governance Coach	6,000		6,000	1,500	1,500	
	Audit	51,500		51,500	10,750	40,750	51,500
	Board Support	34,000		34,000	8,499	25,501	34,000
	SubTotal	\$ 96,000	-	\$ 96,000	20,749	66,251	87,000
Insurance							
	Directors & Officers Insurance	11,150		11,150	2,815	8,335	11,150
	SubTotal	\$ 11,150	-	\$ 11,150	2,815	8,335	11,150
Board Development							
	CCMA program registration	1,500		1,500	-	-	-
	Training; Retreat	1,000		1,000	-	-	-
	Books, Supplies, Misc.	-		-	-	-	-
	Retreat	750		750	-	-	-
	SubTotal	\$ 3,250	-	\$ 3,250	-	-	-
Member Linkage							
	Member Meetings	1,500		1,500	-	-	-
	Printing	12,000		12,000	8,377	8,377	-
	Member Linkage Committee	1,000		1,000	-	-	-
	SubTotal	\$ 14,500	-	\$ 14,500	8,377	-	8,377
Contributions: Cooperative and Community Support							
	King Award	500		500	-	-	-
	SubTotal	\$ 500	-	\$ 500	-	-	-
Equipment							
	Depreciation - Equipment	-		-	-	-	-
	Technical Maintenance Contracts	-		-	-	-	-
	Equipment	-		-	-	-	-
	SubTotal	\$ -	-	\$ -	-	-	-
Travel & Entertainment							
	Monthly Board Meeting Food	1,200		1,200	72	185	257
	Travel, Meals & Entertainment	4,500		4,500	-	-	-
	SubTotal	\$ 5,700	-	\$ 5,700	72	185	257
General Contingencies							
	Contingencies	10,000	11,700	21,700	121	-	121
	SubTotal	\$ 10,000	11,700	21,700	121	-	121
Total Board Expenses		<u>\$ 141,100</u>	<u>\$ 11,700</u>	<u>\$ 152,800</u>	<u>\$ 32,134</u>	<u>\$ 74,771</u>	<u>\$ 106,905</u>

Total not to exceed 0.2% of annual sales
0.2% of 2019 sales = \$152,800

APPENDIX D

- June 24** Board of Directors Meeting, 6:00 p.m., Co-op Resource Center, 224 Holiday Dr. White River Junction, VT
- July 22** Board of Directors Meeting, 6:00 p.m., Co-op Resource Center, 224 Holiday Dr. White River Junction, VT
- August 26** Board of Directors Meeting, 6:00 p.m., Co-op Resource Center, 224 Holiday Dr. White River Junction, VT
- September 23** Board of Directors Meeting, 6:00 p.m., Co-op Resource Center, 224 Holiday Dr. White River Junction, VT
- October 28** Board of Directors Meeting, 6:00 p.m., Co-op Resource Center, 224 Holiday Dr. White River Junction, VT
- November 18** Board of Directors Meeting, 6:00 p.m., Co-op Resource Center, 224 Holiday Dr. White River Junction, VT
- December 16** Board of Directors Meeting, 6:00 p.m., Co-op Resource Center, 224 Holiday Dr. White River Junction, VT