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HCCS Board of Directors Meeting
July 22, 2020
5:15 p.m., Virtual Meeting via ZOOM

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AGENDA

HCCS Board of Directors Meeting

July 22, 2020

5:15 p.m., Virtual Meeting on ZOOM

Time	Agenda Topic	Page	Board Action
5:15	Call to order and Welcome Roll Call Consent Agenda		
	June 24, 2020 Minutes	3	Approve
	Monthly Share Redemptions	10	
5:20	Member Linkage Member input		Listen/Acknowledge
5:30	Monitoring EL 2 – Financial Condition & Performance EL 9 – Cooperative Giving Programs	12 21	Decision Decision
5:45	Policy Revisions GP 11.3 – Election Committee Charter	27	Decision
5:50	Committee Updates HCCF Committee- Revisit Charitable Giving Themes		Discussion/Decision
6:10	Board Retreat/Workshop Member Engagement Strategy Planning <i>(information to be emailed separately)</i>		Discussion/Decision
6:25	Information General Manager Report (App. A)	29	Information
6:35	Executive Session GM Search Committee		Discussion
6:50	Adjournment		

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

- Present: Emmanuel Ajavon, Kevin Birdsey, Marta Ceroni, Nick Clark (joined shortly after 5:15 p.m.), Rosemary Fifield, Victoria Fullerton, Ed Howes, Manish Kumar, Peggy O’Neil, Jessica Saturley-Hall, Allene Swienckowski
- Absent: Jessica Giordani
- Employees: Paul Guidone (Interim General Manager), April Harkness (Governance & Community Engagement), Lori Hildbrand (Director of Administrative Operations), Mark Langlois (Director of Finance)

Allene Swienckowski called the meeting to order at 5:15 p.m.

Consent Agenda: May 27, 2020 Meeting Minutes and May 2020 Share Redemption Requests

MOTION: Kevin Birdsey moved to accept the Consent Agenda with revision to the May 27, 2020 meeting minutes to indicate Peggy O’Neil left the meeting at 8:00 p.m. and not 8:15 p.m. Jessica Saturley-Hall seconded the motion.

VOTED: 10 in favor. 0 opposed. (Nick Clark was not present for the vote). The motion passed.

Required Approvals

Bank Resolutions

MOTION: Jessica Saturley-Hall moved to ratify the bank resolutions and authorize the Board Secretary and Board Treasurer to sign the documents. Rosemary Fifield seconded the motion.

VOTED: 10 in favor. 0 opposed. (Nick Clark was not present for the vote). The motion passed.

Board Education

Governance Coach Consultant Richard Stringham provided an overview of Policy Governance and board self-monitoring techniques via remote. He then left the meeting.

Governance Coach Contract Renewal

MOTION: Jessica Saturley-Hall moved to renew the annual contract with Governance Coach commencing July 1, 2020. Peggy O’Neil seconded the motion.

VOTED: 9 in favor. 1 opposed (Victoria Fullerton). 1 abstained (Marta Ceroni). The motion passed.

Monitoring

EL 4 – Member/Shopper Experience

MOTION: Rosemary Fifield moved that EL 4 – Member/Shopper Experience monitoring report provided a reasonable interpretation of the policy and sufficient evidence of compliance. Ed Howes seconded the motion.

Discussion: The Interim General Manager (IGM) Paul Guidone reported compliance and answered questions regarding diversity, equity and inclusion training for employees, as well as product pricing as it relates to food access.

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

GP 6 – Board Process for Recruitment & Continuity

Rosemary Fifield summarized her findings regarding how well the board met GP 6 – Board Process for Recruitment & Continuity with a noted short-fall in board member responses to the last sub-policy:

GP 6.1.1 All directors will, to the best of their ability, support and assist in the Election Committee’s efforts to recruit candidates to run and to encourage the membership to vote.

Kevin Birdsey clarified that he did not serve on the Election Committee in an advisory role. The board members agreed on the need to improve participation in recruiting and member vote encouragement.

Policy Revisions

GP 5 – President’s Role

MOTION: Jessica Saturley-Hall moved to accept the revisions to GP 5 – President’s Role (see Addendum I). Rosemary Fifield seconded the motion.

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

GP 11.4 - Ends Committee Charter

MOTION: Marta Ceroni moved to accept the revisions to the GP 11.4 - Ends Committee Charter (see Addendum II). Victoria Fullerton seconded the motion.

VOTED: 10 in favor. 0 opposed. (Emmanuel Ajavon was not present for the vote). The motion passed.

Committee Members

MOTION: Jessica Saturley-Hall moved to accept all committee members as listed in the board packet (See Addendum III). Peggy O’Neil seconded the motion.

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

Board Priorities & Retreat Ideas

MOTION: Ed Howes moved to have a board retreat, soliciting topics and polling for dates in late summer/early fall. Victoria Fullerton seconded the motion.

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

General Manager's Report

IGM Paul Guidone recognized Cathy Moloney, Store Manager at the White River Junction location, as a recipient of the Top Women in Grocery for 2020 Award from Progressive Grocer magazine. He provided a brief update on curbside sales, the upcoming loan closing, the Co-op's flood insurance policies, food access programs and gas prices.

MOTION: Kevin Birdsey moved to have the minutes reflect that the board commends and congratulates Cathy Moloney for the honor she received. Ed Howes seconded the motion.

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

Executive Session

MOTION: Jessica Saturley-Hall moved to enter into executive session at 7:32 p.m. to discuss the status of the General Manager Search Committee. Ed Howes seconded the motion.

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

Nick Clark left the meeting.

The board came out of executive session at 7:57 p.m.

MOTION: Kevin Birdsey moved to authorize the General Manager Search Committee to resume work. Ed Howes seconded the motion.

VOTED: 7 in favor. 1 opposed (Victoria Fullerton). 2 abstained. (Marta Ceroni and Allene Swienckowski).

Adjournment

Motion to adjourn at 8:00 p.m.

Respectfully submitted,

April Harkness

Governance & Community Engagement

Rosemary Fifield

Board Secretary

Addendum I

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, using the Board Planning Cycle as a guide, and shall 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~~ ensure 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 5.3.2 The President shall ensure appropriate orientation for all newly elected Board members.

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.

Addendum II

GP 11.4 Ends Committee

The Ends Committee was established by vote of the Board at its 24 July 2019 meeting “to study the new Ends and to recommend changes.” The voted motion also carried the following element: “The Committee will work with Member Services and Outreach to involve as many members as possible.”

Committee Objective:

1. Ends that reflect the essence and purpose of the organization.
 - 1.1. The Ends must fit within the framework of Policy Governance.
 - 1.2. The Ends must be based on input from the member-owners.

Committee Products:

2. The Committee shall study the Co-op's Ends and report back to the Board on suggested revisions, if any, per the membership.
 - 2.1. Suggested revisions may be inspired by the set of Ends that had been in force prior to 26 June 2019.
 - 2.2. The membership at large shall have the opportunity to provide significant input in the development of new Ends.
 - 2.3. The changes must be designed to facilitate compliance by the General Manager and to enable effective monitoring by the Board.

Committee Authority:

3. The Committee’s authority enables it to assist the Board in its work, while not interfering with Board holism.
 - 3.1 The Committee has no authority to change Board policies.
 - 3.2 The Committee Chair has the authority to reasonably interpret this Committee Charter.
 - 3.3 The Committee has no authority to spend funds without prior Board approval.
 - 3.4. The Committee has authority to use employee resource time, including personnel in Member Services, for administrative support, especially to reach out to the membership.

Committee Composition and Tenure:

4. The committee shall include Board members, member-owners and employees.
 - 4.1. The Board shall appoint one of the current directors as Chair.
 - 4.2. The Chair shall include, at a minimum, ~~three~~two other directors, two member-owners, and two employees to serve as members.
 - 4.4. The composition of the Committee shall be approved by the Board and this should not prevent the Committee from meeting and doing its work as long as the minimum level of representation from each group is met.

Addendum III

Committee Members

Bylaws Committee members:

Rosemary Fifield, Chair
Allene Swienckowski
Paul Guidone
April Harkness
Amanda Charland
Mark Langlois
Lori Hildbrand

DEI Committee members:

Victoria Fullerton, Chair
Liz Blum
Benoit Roisin
Allene Swienckowski
Lori Hildbrand
Nora Paley
April Harkness

Election Committee members (to date):

Emmanuel Ajavon, Chair
April Harkness

Ends Committee members:

Marta Ceroni, Chair
Peggy O'Neil
Manish Kumar
Victoria Fullerton
Richard Schramm
Dave Phillips
Eugene Cassidy
Janet Couture
Rebecca White
Nancy Carter

HCCF Committee members (to date):

Kevin Birdsey, Chair
April Harkness

Member Linkage Committee members (to date):

Jessica Giordani, Chair
Victoria Fullerton
Ed Howes
April Harkness

Governance Committee members:

Jessica Saturley-Hall, Chair
Rosemary Fifield
Kevin Birdsey
Nick Clark
April Harkness

SHARE REDEMPTION REQUESTS**July, 2020**

For the period ending July 13th, 2020, 14 members have requested redemption of shares. This includes 272 A shares and 10 B shares held directly by the members, and \$8.33 in A share and \$10.68 in B share extra held by the Co-op on account. The total cost of redemption is \$1,429.01. 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 July 13th, 2020, 7 member has requested share transfers. This includes 267 A shares held directly by the member and \$17.17 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 July 13th, 2020, 6 members have asked to exchange his/her old B share class for the new B share class. This includes 62 B shares held directly by the members and \$12.71 in B share extra held by the Co-op on account.

To date ending July 13th, 2020, 2,604 members have asked to exchange his/her old B share class for the new B share class. This includes 19,458 B shares held directly by the members and \$5,924.83. in B share extra held by the Co-op on account. This represents approximately 28.2% of originally issued B Shares.

To date ending July 13th, 2020, 20,905 B shares held directly by the members and \$6,461.61 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 30.34% of originally issued B Shares.

Redemption of these shares (\$1,429.01 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
22-Jul-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	8/16/2020	PEI	COA IFO	CANADA	2019	10	0	\$ 50.00	\$ -	\$ -	\$ -	\$ 50.00	F	MOVING
2	8/16/2020	ANDOVER	MA	01810	2017	10	0	\$ 50.00	\$ -	\$ -	\$ -	\$ 50.00	F	MOVING
3	8/15/2020	KAMUS	UT	84036	1999	34	1	\$ 170.00	\$ 5.00	\$ 2.68	\$ 3.18	\$ 180.86	F	MOVING
4	8/12/2020	HOGANSBURG	NY	13655	2014	10	0	\$ 50.00	\$ -	\$ -	\$ -	\$ 50.00	P	MOVING
5	8/18/2020	HARPSWELL	ME	04079	2015	10	0	\$ 50.00	\$ -	\$ -	\$ -	\$ 50.00	F	MOVING
6	8/18/2020	LONGMEADOW	MA	01108	2018	10	0	\$ 50.00	\$ -	\$ -	\$ -	\$ 50.00	F	MOVING
7	8/23/2020	YPSILAN TI	MI	48198	2016	10	0	\$ 50.00	\$ -	\$ -	\$ -	\$ 50.00	F	MOVING
8	8/23/2020	TH WEST ALBANY	OR	97321	2014	10	3	\$ 50.00	\$ 15.00	\$ -	\$ 1.72	\$ 66.72	F	MOVING
9	8/27/2020	JENKINTOWN	PA	19046	2018	10	0	\$ 50.00	\$ -	\$ -	\$ -	\$ 50.00	F	MOVING
10	8/24/2020	QUECHEE	VT	05059	2007	12	1	\$ 60.00	\$ 5.00	\$ 2.54	\$ 4.72	\$ 72.26	F	MOVING
11	8/29/2020	NORWALK	CT	06851	2018	10	0	\$ 50.00	\$ -	\$ -	\$ -	\$ 50.00	F	MOVING
12	8/30/2020	RIVER JUNCTION	VT	05001	2020	10	0	\$ 50.00	\$ -	\$ -	\$ -	\$ 50.00	F	MOVING
13	8/29/2020	OLYMPIA	WA	98501	2019	10	0	\$ 50.00	\$ -	\$ -	\$ -	\$ 50.00	F	MOVING
14	7/8/2020	CENTER HARBOR	NH	03226	1965	116	5	\$ 580.00	\$ 25.00	\$ 3.11	\$ 1.06	\$ 609.17	F	DECEASED
TOTALS						272	10	\$ 1,360.00	\$ 50.00	\$ 8.33	\$ 10.68	\$ 1,429.01		

Reasons for redemption

	Jan	Feb	March	April	May	June	July	Aug	Sept	Oct	Nov	Dec	YTD	%
Moving	6	3	2	15	5	11	13						55	63%
Moved-Clean Up													0	0%
Deceased- Clean Up	6	2	1	8	3	1	1						22	25%
Tired Of Coop B/S													0	0%
Clean-Up													0	0%
None provided	2	1	2	1	1								7	8%
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							4	5%
Total	15	7	5	24	9	14	14	0	0	0	0	0	88	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					2						3	6%
Transfer to different account		2	1			2								5	10%
Name change		10	6	8	3	3	1	5						36	75%
Change Spelling of name			2			2								4	8%
Total		12	10	8	3	7	1	7	0	0	0	0	0	48	100%
Exchange B shares	2,472	51	33	24	7	8	3	6						2,604	

Monitoring Reports

EL 2—Financial Condition & Performance

Submitted by Paul Guidone as an accurate representation of financial condition, YTD 27 June, 2020

Financial Performance

Executive Limitation 2 states:

With respect to the actual ongoing activities of the Co-op, the General Manager may not jeopardize the current and long-term financial health or allow material deviation from board priorities as stated in the Ends Policies.

Avoiding jeopardy means avoiding financial conditions that:

1. Violate loan covenants and major contract agreements,
2. Require discussion of filing for bankruptcy,
3. Show significant negative variances from annual budgeted financial benchmarks, or
4. Lead to significant, long-term deterioration of financial condition as measured by financial statements (Income Statement, Balance Sheet, and Cash Flow) or typical financial measures such as liquidity, solvency and profitability.

EL 2.1: Indebtedness of a type and level that jeopardizes the ability of the cooperative to repay its current and long-term debts in a timely and efficient fashion.

Operational Definition / Interpretation:

Management may not incur indebtedness that the Co-op is unable to repay, either in terms of the current portion or of long-term debt.

Compliance will be achieved if all covenants on long-term debt (if any) have been met. Compliance will also be achieved regarding the ability to repay current debt.

Data:

Debt Ratios

The **Co-op's Debt to Equity Ratio** as calculated on June 27, 2020 was 2.03x.

The industry range according to **Risk Management Association (RMA)** for publicly traded Grocery Stores was between 0.9x – 9.7x, with a midpoint of 5.3x.

Independent third-party research firm **IBIS** reports **Debt to Equity Ratios** for publicly traded grocery stores with greater than \$50 million in sales of 2.6x.

The weighted average Debt to Equity Ratio of select Co-operative Stores was 1.34x, as downloaded in June 2020 from Co-op Metrics website.

Loan Covenant

A loan covenant is an agreement between a lender and borrower. It requires a borrower to fulfill certain conditions in order to satisfy the loan.

The Co-op has two covenants on the loans with TD Bank related to the refinancing of existing debt and Capital projects during 2020-2021. That covenant is the Debt Service Coverage Ratio.

Below is the status of the covenant for the quarter ending June 27, 2020 (the reporting period for covenant compliance). This also includes the previous two year-ends where applicable.

	Covenant	12.29.18	12.28.19	06.27.20
Debt Service Coverage Ratio	$\geq 1.20:1$	2.13:1	1.93:1	2.27:1
Debt to Tangible Net Worth	$\leq 2.50:1$	1.97:1	1.86:1	2.02:1

Compliance Determination: **In compliance.**

EL 2.2: Liquidity, or the ability to meet cash needs in a timely and efficient fashion to be insufficient.

Operational Definition / Interpretation:

The Co-op has sufficient liquidity to service debt and meet cash needs on time.

Compliance will be achieved if:

- the current ratio is above the Co-op's benchmark of 1:1,
- benchmarks for Current Ratio and Quick Ratio are above industry averages or midpoints of a range,
- benchmarks for Inventory turns are below industry averages or midpoints of a range, and
- the Co-op has readily available cash on hand.

Data:

Current Ratio:

The Co-op's current ratio as calculated on June 27, 2020, was 2.17x.

The industry range according to **Risk Management Association** (RMA) for publicly traded Grocery Stores was between 0.9x – 2.0x, with a midpoint of 1.6x.

IBIS data on Current ratios for publicly traded grocery stores with greater than \$50 million in sales was 1.8x.

The weighted average Current Ratio of select Co-operative Stores was 1.73x, as downloaded in June 2020 from Co-op Metrics website.

Quick Ratio:

The Co-op's Quick ratio as calculated on June 27, 2020, was 1.78x.

The industry range according to **Risk Management Association** (RMA) for publicly traded Grocery Stores was between 0.2x – 0.8x, with a midpoint of 0.5x.

IBIS data on Quick ratios for publicly traded grocery stores with greater than \$50 million in sales was 0.4x.

The weighted average Quick Ratio of select Co-operative Stores was 1.28x, as downloaded in June 2020 from Co-op Metrics website.

Inventory Turns Days Ratio:

The Co-op's Inventory Turns Days ratio as calculated on June 27, 2020 was 13.23 Days.

The industry range according to **Risk Management Association** (RMA) for publicly traded Grocery Stores was between 18-33 Days, with a midpoint of 26 Days.

IBIS data on Inventory Turns Days ratio for publicly traded grocery stores with greater than \$50 million in sales was 25.52 Days.

The weighted average Inventory Turns Days ratio of select Co-operative Stores was 22.23 Days, as downloaded in June 2020 from Co-op Metrics website.

Compliance Determination: **In compliance.**

EL 2.3: Any requirements of contracts, payroll, loans, or other financial obligations to be unmet or overdue.

Operational Definitions / Interpretations:

All of the Co-op’s financial obligations are paid in a timely manner.

1. “Payroll” is payments to employees, income tax withholdings, and all payments related to employee benefits. “In a timely manner” regarding payroll means that the Co-op’s payroll obligations are met on the schedule outlined in the Hanover Co-op Employee Handbook and that related payments are made on or by the deadlines required by payees to avoid penalty.
2. “Contracts, loans, and other obligations” means all obligations other than payroll and taxes, including vendor payments and payments on loans.
 - a) “In a timely manner” regarding payments to vendors means that it is within the payment terms identified by the creditor or entity owed. I also interpret “in a timely manner” to include the understanding that there will be problems with invoicing from time to time and we will remit payment upon notice from the vendor and verification of the purchase. As a point of reference, our Finance Department processes and pays an average of 7,500 invoices each month. A number of invoices are in question at any time and are being researched for payment.
 - b) “In a timely manner” regarding loan obligations means payment is made on or before the deadline required to be in compliance with the loan agreement.

The following methods are included below to measure and determine compliance.

1. Payroll and related obligations

The Employee Handbook calls for payroll payments to be made to employees bi-weekly. Payroll was paid according to the terms specified in the Employee Handbook.

Data:

Compliance with bi-weekly payments according to Employee Handbook

2020	Quarter 1	Quarter 2	Quarter 3	Quarter 4
Payroll paid according to Employee Handbook for all pay periods in the quarter.	6/6	6/6		

Employee payroll is administered and auto deducted, consistent with the Co-op's payroll payment schedule, from the Co-op's accounts by Paylocity, an independent third-party payroll service.

Compliance Determination: **In compliance.**

2. Payments to vendors

Data:

As part of our year-end audit, the outside auditors will verify the aging of Accounts Payable to determine accuracy.

The operational goal is for 90% of the Accounts Payable balance to be within 30 days of age and the remaining 10% of the Accounts Payable balance to be within 60 days of age.

Days Outstanding	Dollar Outstanding	%	Cum %	Goal Met
Less than 30	\$2,295,673	91.53%	91.53%	Yes
31 to 60	\$863	0.03%	91.56%	No
61 to 90	\$117	0.00%	91.57%	
Greater than 91	\$211,469	8.43%	100.00%	
Total Payables	\$2,508,122	100.00%		

Compliance Determination: **Not In compliance.**

3. Loans and major lease payments are current through the end of the reporting period.

Data:

Number of payments on time over number of required payments:

Loan and lease agreements all current.

2020	Quarter 1	Quarter 2	Quarter 3	Quarter 4
Loan payments within terms/loan payments required	12/12	12/12		

Auditors from the firm of Baker Newman Noyes verify current year-end outstanding balances on our loans, compare them to the prior year-end balance and determine if the difference equals the expected lease payments to be made during that period.

Compliance Determination: **In compliance.**

2020	Quarter 1	Quarter 2	Quarter 3	Quarter 4
Lease payments within terms/lease payments required	18/18	18/18		

Auditors from the firm of Baker Newman Noyes verify current year-end outstanding balances on our leases, compare them to the prior year-end balance and determine if the difference equals the expected lease payments to be made during that period.

Compliance Determination: **In compliance.**

EL 2.4: Tax payments or other government-ordered payments or filing to be overdue or inaccurately filed.

Operational Definition / Interpretation:

All tax payments and other government-ordered payments or filings will be filed accurately and on or before the date required to avoid financial penalty.

Filings and payments are made to government entities on time.

These charts will be reviewed for accuracy and compliance as part of the annual external audit. No findings of non-compliance were reported during the last audit.

Data:

Filings expressed as number filed on time versus number required

Taxes (all due in applicable quarter filed)

2020	Quarter 1	Quarter 2	Quarter 3	Quarter 4
Payroll Tax Withholding	6/6	6/6		
NH Business Enterprise Tax	1/1	1/1		
Sales Tax (VT & NH)	21/21	21/21		
Federal Income Tax	1/1	1/1		
Property Tax	3/3	2/2		

Compliance Determination: **In compliance.**

Government Filings (all due in applicable quarter filed)

2020	Quarter 1	Quarter 2	Quarter 3	Quarter 4
Tax Returns	0/0	3/3		
Licenses and Registrations	1/1	7/7		
VT & NH Annual Reports	1/1	1/1		

Compliance Determination: **In compliance.**

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

Operational Definition:

1. That net income before taxes WILL NOT be negative.
2. That actual and forecasted net income before taxes will not negatively affect the Co-op's ability to execute its annual plan, including planned capital expenditures and wage adjustments.

3. That actual and forecasted net income will not result in the Co-op defaulting on any bank covenants in place to support borrowings.

Note: I am reporting on net income before taxes and patronage because this is the way we report to members through the Annual Report. This is also the way the Co-op's CFO reports earnings to the Board.

Data:

Net Savings (Loss) before taxes and patronage (SBT) for the YTD ending June 27, 2020, totaled (\$103,020). The budgeted income to date for the year was (\$195,723).

Forecasted Net Savings before taxes and patronage (SBT) for the YTD ending January 2, 2021, is projected to be \$470 000. The budgeted income to date for the year ending January 2, 2021 was \$377,544.

Note: This EL is interpreted to be on a yearly basis.

Compliance Determination: **Expected to be in compliance on a full year basis.**

EL 2.6: Financial record-keeping systems to be inadequate or out of conformity with generally accepted accounting practices (GAAP).

Operational Definition:

The Co-op's financial record keeping system will comply with Generally Accepted Accounting Principles (GAAP).

A qualified third party from outside the organization will audit the Co-op's accounting system on an annual basis to a level of depth necessary to provide an opinion regarding compliance with GAAP. The external auditor hired by the Board to perform the annual audit qualifies as this party.

Compliance will be achieved if the auditor provides a "clean" or unqualified letter regarding conforming to GAAP.

Data:

Financial record-keeping systems

Auditors from the firm of Baker Newman Noyes gave a report at the Board's February 2020, meeting for fiscal year 2019. The Co-op received an unqualified audit report for 2019.

Compliance Determination: **In compliance.**

EL 2.7: A failure to provide the Board, on at least a quarterly basis, with an accurate balance sheet, statement of cash flows, net income statement, and such additional indices and reports as the General Manager deems useful to the Board in the discharge of its fiduciary responsibilities.

Operational Definition:

The Board will receive financial statements following the months in which the four quarterly inventories are taken. These statements will include a balance sheet, statement of cash flow, and a net income statement, as well as commentary and additional data as necessary to present an accurate picture of the Co-op's financial condition.

Data:

Financial Reports

A review of the board meeting packets from July 2019 through July 2020, show the GM provided the Board an accurate balance sheet, statement of cash flows, net income statement, and such additional indices and reports as the GM deems useful to the Board in July 2019, October 2109, February 2020, and April 2020.

I assert that the current Board packet contains a balance sheet, statement of cash flows, and net income statements through the quarter ending June 27, 2020. A physical inventory was performed at quarter-end.

Compliance Determination: **In compliance.**

Monitoring Report

EL 9 – Cooperative Giving Programs

*Submitted by Paul Guidone, CFA
Interim General Manager*

Executive Limitation 9 states:

The General Manager shall not allow the board to be without administrative support for the board's Cooperative Giving Programs; neither shall the General Manager allow operational conduct which may jeopardize any of the Co-op's giving programs.

Interpretation

I interpret that the board has comprehensively interpreted this policy in its subsequent, more specific policies. This is reasonable as administrative support for the board's Cooperative Giving Programs is further interpreted by the board in items 9.1 to 9.4. Also, not allowing operational conduct, which may jeopardize the Co-op's giving programs, is further interpreted by the board in items 9.1, 9.3, 9.4, and 9.5. Therefore, my interpretations and subsequent evidence for each of these will demonstrate compliance with this policy.

Compliance determination: **I report compliance.**

Accordingly, the General Manager shall not:

EL 9.1 Allow procedures, record keeping, and reporting which are inadequate to sustain the integrity of each program's image, charitable status, and/or external agreements where applicable.

Interpretation

In addition to my interpretation and evidence for 9.1.1, which is presented below, compliance will be demonstrated when:

- a) Our external financial audit confirms that we have procedures, record keeping, and reporting in place which satisfy the requirements of charitable regulators and fulfills our obligations in accordance with external agreements related to Pennies for Change, our largest Cooperative Giving Program. This is reasonable as our financial auditors have the expertise and the independence from management to be able to recognize and flag any deficiencies in our processes; and
- b) Our procedures and results are transparent to relevant stakeholders including Co-op members, donors, applicants, and awarded recipients. This will be evident when, for each of the Cooperative Giving Programs, we report in our newsletter and on our website:

- i. Information regarding the intent of the program, how it will collect funds, and what it will do with the funds;
- ii. Information regarding how program recipients are chosen and, if applicable, how to apply for funding/grants from the respective programs;
- iii. Information that indicates how the program recipients align with the selection criteria of the respective program unless such information violates privacy concerns;
- iv. Statements of how much funding was collected and how much was distributed; and
- v. Auditors' confirmation that distributions of funds were made without conflict of interest and in accordance with publicly stated intent of the program.

These are reasonable as they are measures of transparency that protect the image of the giving programs.

Evidence

- a) Our annual financial audit, delivered to the board February 2020, confirmed that our procedures, record keeping, and reporting met the standards required by charitable regulators and external agreements as it relates to Pennies for Change.

An inspection of our website and newsletters for the past year was conducted on June 30, 2020. The inspection found that for each of our programs the five expectations listed above were met.

Compliance determination: **I report compliance.**

EL 9.1.1 Allow the HCCF Advisory Committee to be without the information it needs to report in accordance with the TPCF contract requirements.

Interpretation

Compliance will be demonstrated when the HCCF Advisory Committee Chair confirms that the committee has had all the information it needed during the period June 2019 to June 2020. This is reasonable as the Committee Chair receives communications back from TPCF indicating whether requirements have been fulfilled.

Evidence

On July 6, 2020, Thomas Battles, HCCF Advisory Committee Chair, attested to being providing the necessary information needed to run the program in accordance with the TPCF contract requirements for the reporting period.

Compliance determination: **I report compliance.**

EL 9.2 Allow potential recipients to be uninformed about opportunities and qualifications for application for program benefits.

Interpretation

Compliance will be demonstrated when information about the opportunities and qualifications for application for each of our giving programs is communicated at least two months in advance of the application deadline:

- a) On our website, in our print and e-newsletters, and on our Facebook page and,
- b) In direct email communications to community partner organizations.

This is reasonable as these are the main forms of communications that provide the most cost-effective means of reaching the vast majority of our members and the community. Two months is reasonable as that enables further dissemination of information by our community as well as allowing potential applicants sufficient time to collect needed information and make their application.

Evidence

- a) On June 30, 2020, an examination of the three media types listed above for each of our giving programs confirmed that information about opportunities and qualifications for each program were published at least two months in advance;
- b) When asked, 80% of respondents to a selection of community partners conducted June 30, 2020, confirmed that they had been aware of the opportunities for application to those giving programs that were relevant to their interests or those of their members.

Compliance determination: **I report compliance.**

EL 9.3 Allow inadequate fundraising initiatives for the collection of funds sufficient to meet the needs of each of the programs.

Interpretation

This language points, in my opinion, to two objectives that may be better split apart. For example, the first objective speaks to not allowing inadequate fundraising initiatives. The second objective speaks to “meeting the needs of each program.” Do we know the needs of each program in advance, e.g., the recipients of PFC money?

Evidence

All of the Co-op’s charitable giving programs are up and running and are not in jeopardy, despite pressures brought on by COVID-19. All front-end employees are asked to offer customers the opportunity to round up at every register at all locations. As may be expected, PFC totals have waned in the last several months primarily due to fewer customer transactions and concerns around financial implications of the pandemic. The year 2019 to 2020 was a transitional year for the PFC program, as program changes will now allow for 48 participants throughout the year rather than 24. In the transition, we had 80 PFC applications and 36 were funded. The Co-op received six HCCF applications

and five were funded. All small donation requests were filled unless they did not meet our donation program requirements (i.e., were outside the UV region or not a non-profit).

EL 9.3.1 Allow the endowment of the HCCF to decrease in real value due to inflation.

Interpretation

The language seems clear, but the result may very well be outside the control of the Co-op as it cannot influence the investment return of the TPCF.

Evidence

HCCF had a year-end value of \$465,952.97 and net interest earnings of \$14,752.51, implying a return of approximately 3.2%. The consumer price index for all items increased by approximately 2.3% in 2019. The price increase for food was approximately 1.8%. Therefore, the value of HCCF did not decrease in real value due to inflation.

Compliance determination: **I report compliance.**

EL 9.3.2 Allow members and customers to be unaware of the option to donate to the HCCF.

Interpretation

Compliance will be demonstrated when members and customers confirm that they were aware of the option to donate to HCCF.

Evidence

From July 2019 through July 2020, 443 members donated to the HCCF, for a total of \$2,638.12. Members received information about the fund via the 2019 patronage mailing. The Co-op also hosted an HCCF event with member and customer participation, rather than a fundraising event with vendors, as we shifted the focus of the HCCF to allow for and encourage member and customer participation.

Compliance determination: **I report compliance.**

EL 9.4 Include as recipients of the Co-op's giving programs those organizations that

- are for-profit;
- discriminate on the basis of race, creed, gender, national origin, age, sexual orientation, or physical disability;
- do not primarily benefit Upper Valley communities and their citizens; or
- are fund-raising for programs that are intended to advance a particular religious belief or particular political position.

Interpretation

Compliance will be demonstrated when:

- a) The Board Chair or Executive Director of each of the recipients have signed a verification that the conditions in this policy apply to their organization;
- b) We have received a copy of the recipient organization's 501c3 determination letter;
- c) The websites of the recipient organizations do not indicate conditions that contravene this policy;

Evidence

On June 30, 2020, an examination of our files for each recipient confirmed that:

- a) A signed verification is on file from the Board Chair or ED for each organization;
- b) A copy of their 501c3 determination letter is on file; and
- c) Documentation is on file confirming that each recipient's website was examined prior to the awarding of the funding and that all was in order regarding the conditions of this policy.

Compliance determination: **I report compliance.**

EL 9.5 Provide the cooperative's support to causes other than the following categories:

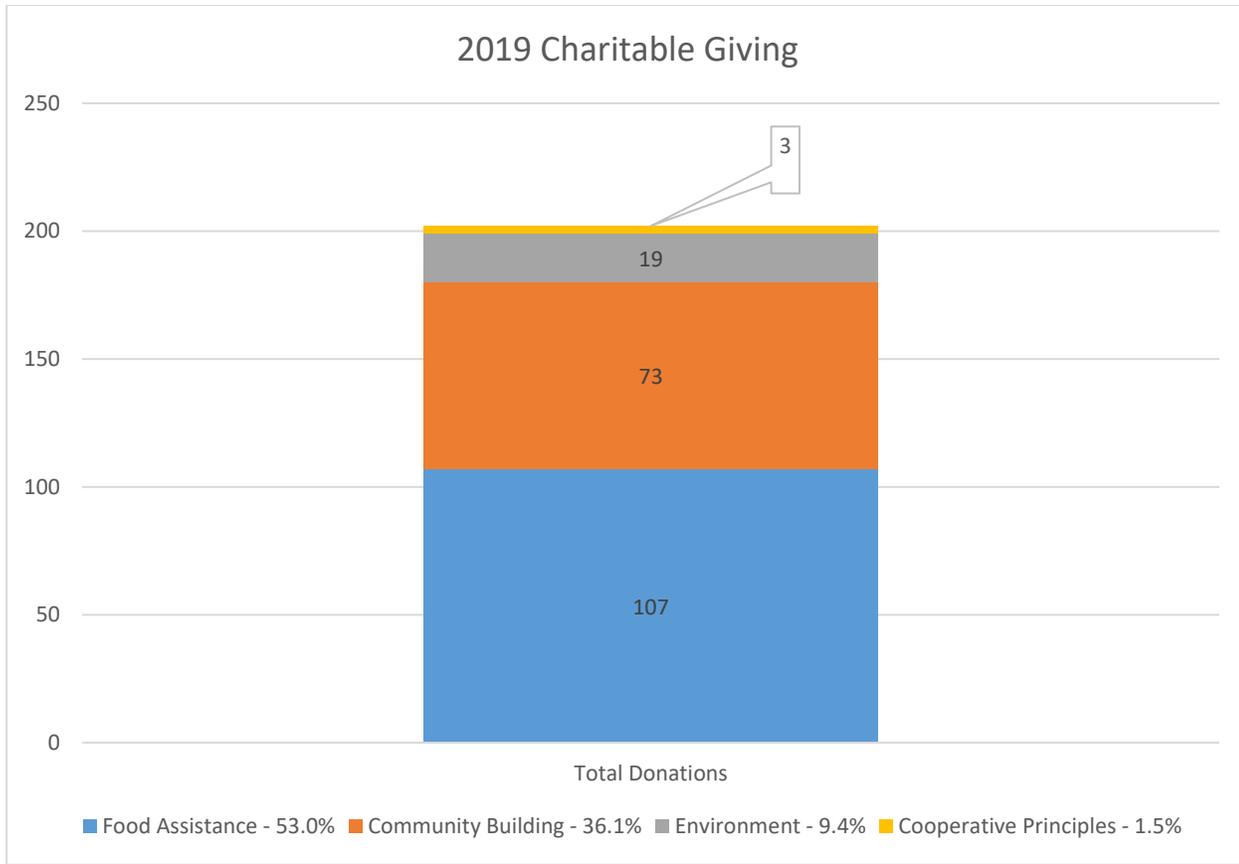
- Food assistance,
- Community building (including support of regional agriculture),
- Promotion of cooperative principles and activities, and
- Environment, energy and sustainability.

Interpretation

Compliance will be demonstrated when an examination of applications for each of the recipients confirms that the funds were to be used for one of more of the four categories listed in the policy.

Evidence

A review of administrative records conducted on June 30, 2020, indicated the following:



*The chart above includes recipients of all of the Co-op’s charitable giving programs: Pennies for Change, Hanover Consumer Cooperative Fund, and small and large donation programs

Compliance determination: **I report compliance.**

Policy Revisions

GP 11.3 Election Committee

The Election Committee assists the Board in fulfilling its responsibilities for democratic elections of board members.

Committee Products:

1. The Committee shall produce fair and efficient elections.
 - 1.1. A slate of qualified and well-informed candidates nominated in accordance with the Bylaws.
 - 1.1.1. At least two more candidates than open Board positions who meet the desired attributes ~~sought by the Board~~described in GP-~~64.6~~ and 4.7.
 - 1.1.2. Candidates shall understand the elections process, attributes sought in board members, requirements of their service, and obligations of board membership, particularly GP-4: Board Members' Code of Conduct.
 - 1.1.2.1. Candidates shall be aware of the information that they need to provide for the elections process.
 - 1.1.2.2. Candidates shall have the opportunity to observe a board meeting.
 - 1.1.2.3. Each candidate shall be aware of any legal qualifications required for a board position.
 - 1.2. The electorate will have ready access to the information it needs to make informed decisions, including:
 - 1.2.1. The attributes of board members to enable effective governing
 - 1.2.2. Candidate's qualifications, perspectives, knowledge, skills, and experiences, to assess each candidate's relevant attributes.
 - 1.3. Voting and ballot counting shall be conducted in accordance with state statutes, bylaws, and board policies.
 - 1.3.1 Board members will be scheduled to participate in ballot counting.
 - 1.4. Candidates and Co-op members shall be informed of the election results.
2. The Chair of the Committee shall ensure new board members are oriented prior to their first board meeting. At a minimum, they shall:
 - 2.1 Receive required board materials, including the latest Policy Governance Manual and the bylaws.
 - 2.2 Be informed about meeting times and locations.

Authority:

3. The Committee's authority enables it to assist the board in its work, while not interfering with board holism.
 - 3.1. The Committee has no authority to change board policies.
 - 3.2. The Committee Chair has the authority to reasonably interpret this Committee Charter ~~and the~~

~~Board's GP-6 Succession plan policies.~~

- 3.3. The Committee has authority to spend funds set out in the board-approved governance budget.
- 3.4. The Committee has the authority to refuse nominations for individuals who are not eligible for election according to state law or HCCS bylaws. However, the committee does not have authority to recommend or endorse specific candidates.
- 3.5. The Committee has authority to determine which ballots are valid.
- 3.6. The Committee has authority to use staff resource time normal for administrative support around meetings, as well as administrative support required for the conduct of the elections.

Committee Composition and Tenure:

4. The Committee's composition shall enable it to function effectively and efficiently.
 - 4.1. The Committee and the Committee Chair shall be appointed annually by the Board in accordance with Bylaw requirements.

APPENDIX A

GM Monthly Update: Communication and Counsel to the Board

Submitted by: Paul Guidone, CFA, July 15, 2020

Co-op Board Meeting: July 22, 2020

Reporting Period: YTD June 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 June 2020.

State of the Co-op

Lost in the mire of COVID-19 news and speculative forecasting is the reality of the day-to-day challenges of running an essential business during a time of crisis and change. Over the past few weeks, states nationwide have made inroads into jump-starting their economies, with varying degrees of success. Each step backward carries the sense of progress lost. Each step forward carries risk.

Our business continues to respond well and to show positive trends in many key areas despite the challenges of a constantly fluctuating retail landscape.

Specific takeaways of interest for members of the Board include the following:

Financials. For the year to date period ending June 30, consolidated basket size was approximately 42.14% (or \$16.31) greater than same period last year. Member and non-member basket sizes were higher by 43.5% and 35.9%, respectively. Gross margins (sales minus cost of sales) were 15.16% greater than same period last year.

Sales. We continue to experience strong overall sales growth.¹ For the year to date period ending June 30, transactions were approximately 21.41% below same period for 2019. Consolidated unit volume sales (items) were 9.76% (11.5% and 4.7% for members and non-members, respectively) ahead for the same period. Members accounted for approximately 78.4% of sales during this period versus 77.1% for the same period last year.

¹ Growth led by Grocery, Meat, Produce, Dairy, and Frozen Foods. PFD is underperforming, an impact of the outbreak of COVID-19. See Business Unit Operations report.

Supply Line Recovery. The availability of critical products from our suppliers is improving. Some products will no doubt take longer to recover, such as staple goods like canned tomatoes, rice, and pasta. On a national level, fresh corn is suffering price fluctuations, though Co-op shoppers will see more consistent and reasonable pricing due to the availability of locally grown corn in the weeks ahead.

Local. The local produce season has geared up, with nearly 40 items available from 13 growers. Marketing has responded with greater promotion and differentiation of “truly local” items produced close to home.

Engagement. Outreach has modified engagement efforts in response to member interest, shopping patterns, and social-distancing guidelines. Online classes and new kids programming launched with positive response.

Online Ordering. Groceries-2-Go continues to add 500 additional items weekly, for a total of nearly 3,000 items available in our Hanover and Lebanon locations and 1,300 items at the Co-op Market. Many of the items come from specific member product requests, helping to build customer loyalty.

As I have told employees repeatedly, this sort of progress during such a difficult time does not come by accident. These benchmarks for success can be directly tied to the strength of Co-op employees, who have continued to serve their communities with grace and resiliency at a time when their communities have needed them most.

Respectfully submitted,

Paul Guidone, CFA
Interim General Manager

FINANCE UPDATE

The Co-op applied for and received a \$3 million loan under the Paycheck Protection Plan (PPP). Under the terms of this plan, we are approaching the end of our calculation period, at which point the Co-op will request a forgiveness of this debt. As the rules and regulations are still changing, we will look to submit the required paperwork to seek forgiveness under the plan during July/early August. The actual ruling from the SBA on how much will be forgiven can take up to the time when our first payment is due in November.

The refinancing of the existing Hanover renovation mortgage and the new loan approved by the membership closed on June 26, 2020. We will be moving our primary Bank accounts to TD Bank in the coming months. The rate at closing was 2.56%. The member-approved portion of the debt closed at a rate of 2.89%. Both rates were approximately 1% lower than the projected rates shown to the Board in January. With the Co-op recapitalized, we can move forward with much needed capital projects and enjoy a much lower interest rate on our debt. The previous rate on the original loan with NCB was at 5.00%.

Key Financial Data

Financials Combined HCCS	Month				YTD			
	Actual	Budget	Variance	% Variance	Actual	Budget	Variance	% Variance
Sales	8,134,103	7,423,258	710,845	9.58%	41,018,046	37,893,183	3,124,863	8.25%
Cogs	5,345,327	4,933,190	412,137	8.35%	27,533,009	25,173,718	2,359,291	9.37%
Gross Margin	2,788,776	2,490,068	298,708	1.22%	13,485,037	12,719,465	765,572	-1.13%
Store Wages	1,319,232	1,176,492	142,740	12.13%	6,673,777	6,062,490	611,287	10.08%
Contribution	1,469,544	1,313,576	155,968	-10.91%	6,811,260	6,656,975	154,285	-11.21%
Overhead	625,096	608,968	16,127	2.65%	3,558,045	3,365,776	192,269	5.71%
G&A	586,044	650,797	(64,754)	-9.95%	3,190,601	3,350,257	(159,656)	-4.77%
Operating Earnings	258,404	53,811	204,594	380.21%	62,614	(59,058)	121,672	206.02%
SBT	127,823	23,398	104,426	446.32%	(103,019)	(195,729)	92,710	47.37%

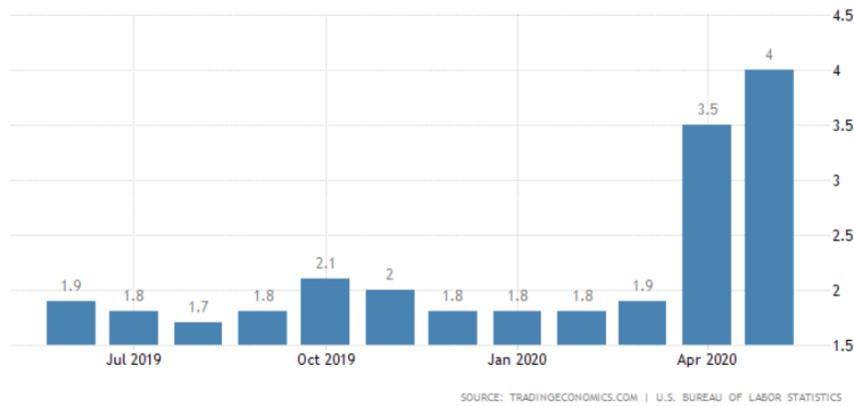
Business Unit - YTD	Lebanon	CLC	Hanover	WRJ	CCM	Service Centers
Sales	17,714,892	14,451	13,437,695	7,238,820	926,424	1,685,764
Budget	15,826,869	40,150	12,368,880	6,234,843	1,160,265	2,262,176
Variance	1,888,023	(25,699)	1,068,815	1,003,977	(233,841)	(576,412)
% Variance	11.93%	-64.01%	8.64%	16.10%	-20.15%	-25.48%

YTD Percent Variance Actual Sales/Budget Sales						
Store Level	Lebanon	Hanover	WRJ	CCM	Combined	
Grocery	22.15%	23.40%	23.98%	0.31%	25.05%	
Produce	14.03%	10.09%	12.77%	-11.62%	14.39%	
Dairy	15.13%	11.25%	12.24%	-7.60%	14.97%	
Meat	27.95%	23.86%	30.55%	15.46%	29.85%	
PFD	-25.39%	-28.73%	-20.59%	-43.78%	-12.69%	
Bin Bulk	-0.94%	-14.53%	6.07%	-63.15%	-5.96%	
Bakery	4.06%	0.37%	9.23%	-23.22%	5.41%	
Frozen	23.98%	22.31%	19.27%	8.35%	24.70%	
HABA	12.49%	-0.54%	37.33%	35.52%	12.10%	
Beer	19.04%	19.39%	19.39%	-7.87%	17.27%	
Wine	7.22%	-2.84%	10.65%	-6.04%	2.89%	
Beverage	2.88%	9.40%	12.54%	-15.46%	7.88%	
Seafood	21.79%	13.24%	27.81%	5.45%	22.09%	
Cheese	13.00%	8.88%	27.07%	-7.54%	15.25%	
Deli	7.86%	13.82%	9.47%	0.89%	12.59%	
Floral	-13.50%	-15.49%	-0.60%	-26.38%	-11.42%	
Sushi	-15.27%	-24.97%	-6.37%	-32.68%	6.29%	
Kitchenware	-33.69%	-36.22%	-2.20%	-63.04%	-31.62%	

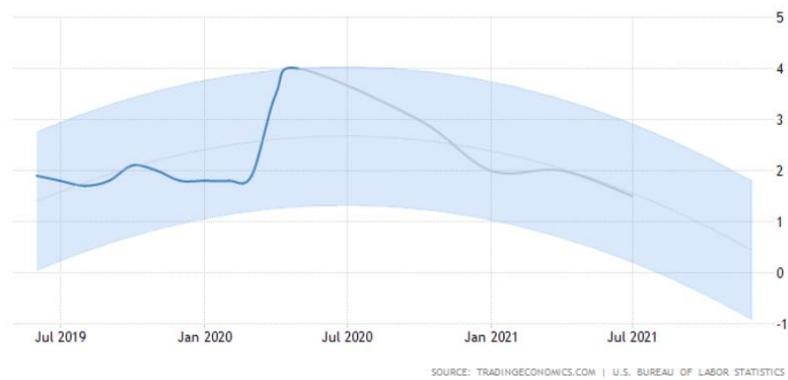
YTD Percent Variance Actual Sales/Budget Sales			
Service Center	Hanover	Norwich	Combined
Gas	-34.84%	0.00%	-34.84%
Parts	4.79%	-18.68%	-12.96%
Labor	-21.57%	-7.64%	-12.42%
Tires	336.81%	144.11%	198.57%

Notes: For example, Lebanon Grocery at 22.15% means actual sales were 22.15% greater than budget sales.

U.S. FOOD INFLATION ²



Cost of food in the United States increased 4.0 percent from a year earlier in May 2020, the most since January 2012. Food at home prices jumped 4.8 percent (vs 4.1 percent in April) amid coronavirus-related lockdown restrictions, while food away from home cost advanced 2.9 percent (vs 2.8 percent in April).



² Note: this is the most current data available at the time this report is submitted. Source: tradingeconomics.com.

Food Inflation in the United States is expected to be 4.80 percent by the end of this quarter, according to Trading Economics global macro models and analysts' expectations. Looking forward, we 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 our econometric models.

BUSINESS UNIT OPERATIONS

Profitable Business Units

Revenue Growth

Food Stores continue to see strong overall sales growth led by the Grocery, Meat, Produce, Dairy and Frozen Foods departments. Prepared Foods is one of five departments that is underperforming versus budget on a consolidated level through June. All products in our full-service Prepared Foods continue to be packaged for take-out only.

There was a steady flow of work at both Service Centers in the month of June. In particular, the Norwich location surpassed their budgeted sales numbers each week during the month and has made significant progress towards their sales deficit for the year. We anticipate this trend will continue as the summer progresses.

Prepared Foods Highlight

The re-opening of food store Prepared Foods service cases is moving in to the first phase, with each location having the opportunity to open a percentage of both the cold and hot cases. The Prepared Foods team created a list of products to feature in the cases and the Kitchen has begun to pack more items in bulk for this purpose.

The pre-packing of Kitchen items began about a year ago and continues to be a success. Adding one-pound containers of deli favorites has proven to be a hit with customers. Of note, Cole Slaw and Deli Macaroni Salad have seen increases by 400 pounds and 231 pounds respectively over the same period in 2019.

Buying Programs and Margin Maintenance

Beginning in late July or early August, the Merchandising team will begin working through our category review calendar for the second half of the year. We use these reviews primarily to monitor our margins and retail pricing, as well as to identify potential new items for our stores. We also use these reviews as an opportunity to survey our competition's pricing on key items.

The availability of critical products from our suppliers is beginning to improve after the initial impact the pandemic had on the supply chain. There are some product categories that will take longer to recover completely, including canned tomatoes, rice, and pasta. We are continuing to see some price fluctuations in

the national market, with fresh corn being the most recent problem. When we begin receiving locally grown corn in a few weeks, we will be able to offer Co-op shoppers a more reasonable price.

The pricing and availability issues we experienced last month with beef and pork have leveled out and prices are coming down. In the meantime, we have strengthened our partnerships with local beef and pork producers and are able to offer more of these products than in the past. Overall, we see that our ability to source products from multiple suppliers and bring new products into our stores relatively quickly is a benefit to both our shoppers and our business relationships.

Buying and selling locally sourced products continues to be one of the most important parts of what we do at the Co-op. Our local produce season has really geared up, with nearly 40 items available from 13 growers. The number of items will grow each week as new crops become available. Additionally, we have expanded the amount of local beef and pork we will be offering long term, given some new packaging capabilities we have put in place in our Lebanon store. We are featuring local products in several departments through our Groceries-2-Go service, with nearly 300 items available for online ordering.

Workforce Planning

The Service Centers have one open position right now in our Norwich facility. Once that is filled with a qualified candidate, the team will be complete.

The Kitchen team is making a significant change to our Production schedule. As of July 12, we begin operating seven days per week. This move benefits the Prepared Foods departments as they will receive items in one complete delivery each day, therefore increasing the opportunities for sales growth. It will also create one “production-free” day at the Kitchen that will be devoted to ingredient preparation, large-batch production, recipe development, and large-scale cleaning projects. This change could not have happened without solid teamwork and compromise.

The Hanover and Lebanon stores have added four full-time positions dedicated to online ordering and curbside pickup. We plan to closely monitor the progression of sales and orders to align the workforce needed to support this new part of the business as the program continues to grow.

We have seen an uptick in open positions throughout the food stores over the past month and are also anticipating the loss of many temporary employees who have not taken another position within the Co-op and must end their employment. Filling these positions is critical as we enter one of the most popular periods of the year where employees enjoy taking time off.

ECRS

Each week we are making 500 additional items available through our online Groceries-2-Go program. Currently, we are offering nearly 3,000 items in our Hanover and Lebanon locations and 1,300 items at the Co-op Market. Many of the items we add each week come from specific member product requests, thus helping us build customer loyalty while also offering an important service during the pandemic.

Other areas where we are working to improve the online customer experience include how we price and sell products offered in both singles and multi-packs (i.e. beverage items) and how we offer our various discount programs and in-house coupons.

Food Safety

We will be going back to work on the revamp of the Food Safety portion of Onboarding. Our goal is to have a recorded version of the current presentation that will be available for online delivery to new hires. We hope to have this in place for the August session.

Enhancing Customer Experience

We have been working to understand what sets us apart from competitors in the automotive industry to enhance customer experience. New concepts are being developed and will be tested in the coming months.

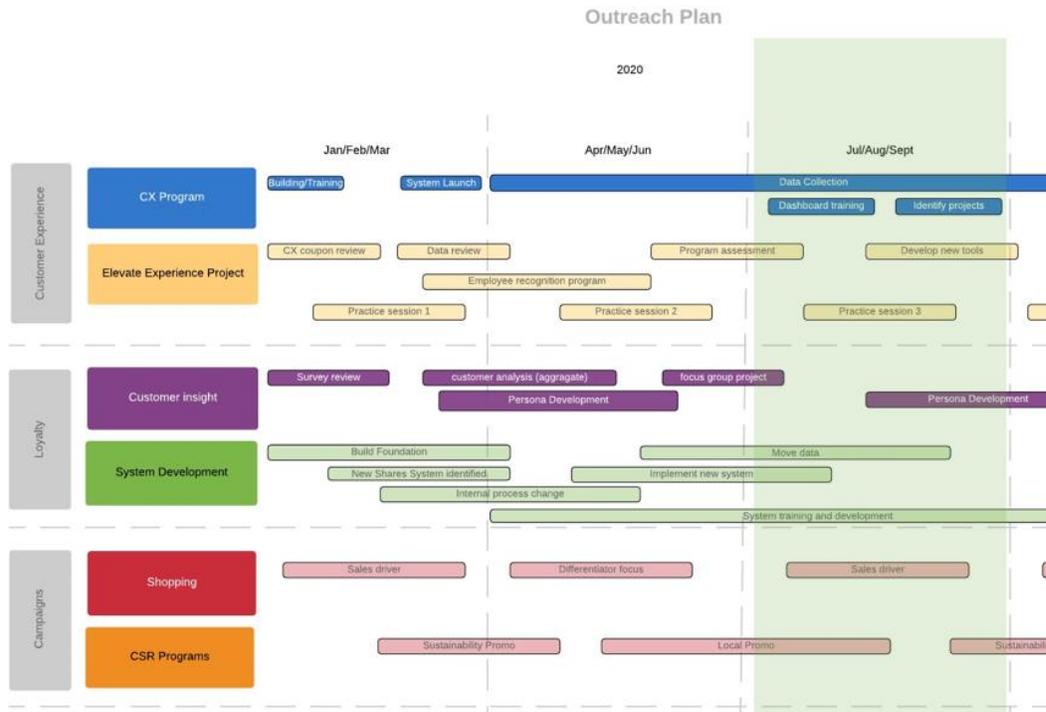
As our food stores work to provide a safe shopping environment, we need to innovate to provide this experience. The approach has always been two-fold, encompassing the safety of our employees and the safety of our members and shoppers. Continuing to understand how our customers want to shop is extremely important as an enhancement to their experience. Uncluttered aisles and allowing room for shoppers to social distance are very important. Online ordering and curbside pickup is a new “how.” Monitoring our checkout layout and customer flow will continue to be a focus going forward to identify opportunities for improvement.

MEMBER SERVICES AND OUTREACH PROGRESS

Customer Experience

CX Program (customer experience survey program): On track. Data for this program has been accumulating for several months now. The Co-op team will be meeting with NCG representatives at the end of July to review the dashboard and begin analyzing the data and formulating action plans.

Personas: Revised. While progress was paused due to COVID-19 disruptions on the development of new personas, the team will pick up on track with revising existing personas. At the end of July the engagement team will be interviewing customers from former personas to adapt and learn about changing customer expectations and behaviors.



Loyalty

Salesforce: Revised. The Salesforce implementation plan has shifted phases to prioritize engagement while member databased development is on hold. The development of the engagement tracking platform is making progress and the team has been able to capture engagement from customers in several programs. In July, the team will evaluate any additional program add-ons that are needed. The member database development is on track to pick back up in August.

Campaigns

Shopping: Revised. 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. As normalization occurs and new trends emerge, marketing and merchandising have recognized new key areas to support. The primary focus of the marketing team has shifted to greater promotion and differentiation of ‘truly local’ and items produced close to home following industry trends and consumer system interest. We will also be updating customers on important changes to future promotions this month.

Social Responsibility Engagement: Revised. Many of our social responsibility efforts were paused due to COVID-19. However, based on the changing needs the focus for engagement will be shifting to food access support, developing online content, and responding to emerging needs. Most immediately, in July, we are working to help customers understand new sustainability regulations from the state of Vermont requiring customers to compost as well as banning certain types of plastics.

We have seen strong engagement with some classes and far less engagement with others. New kids programming concepts launched with positive response in mid-July. Online class content will continue to evolve as we learn from customers. As one of the first businesses to successfully relaunch our classes online, we have welcomed requests from several co-ops and other businesses, who have been reaching out to our co-op for advice on how to relaunch their programs.

PENNIES FOR CHANGE

Total Member Donations Since June 2016: \$909,767.78

Total Collected June 2020: \$12,939.12

Total Collected in 2020: \$74,790.33

June Food Access Recipients

Listen: \$2,587.82

Haven: \$2,587.82

Willing Hands: \$2,587.82

June Community Partners

The Growing Peace Project: \$1,293.91

Hartford Community Restorative Justice Center: \$1,293.91

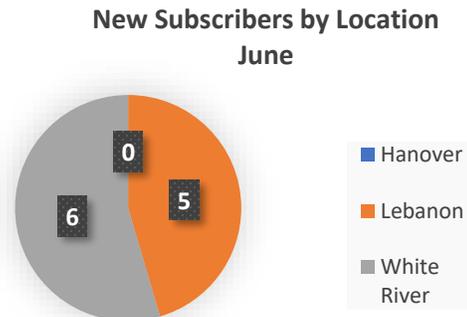
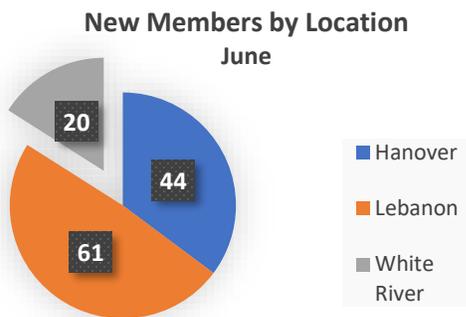
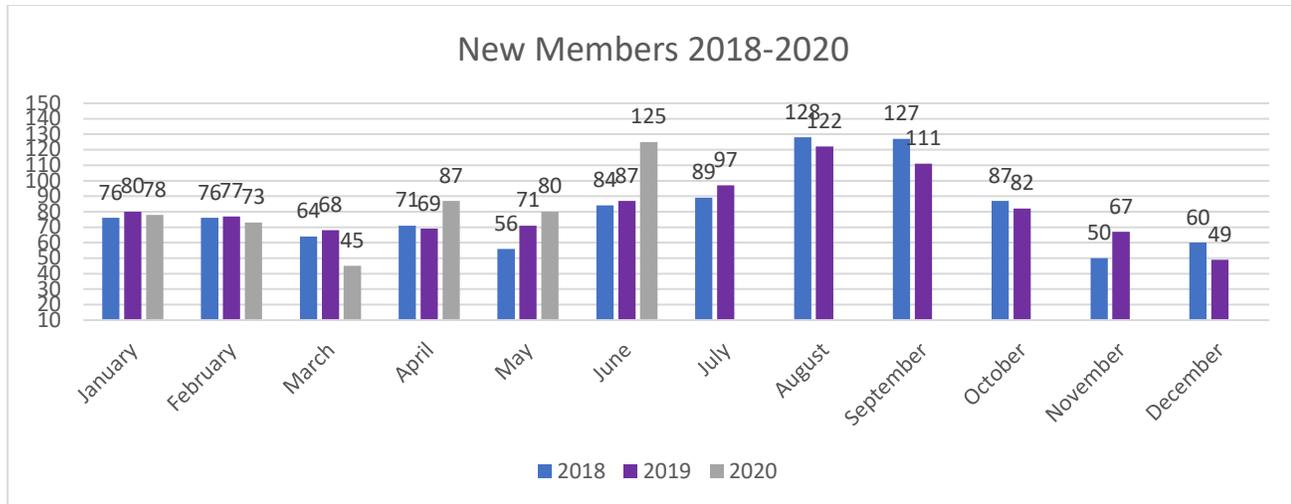
Claremont Soup Kitchen: \$1,293.91

Good Neighbor Health Clinic/Red Logan Dental: \$1,293.91

MEMBERSHIP

2020 January-June

	<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
May	80	9	71	9
June	125	12	113	11
YTD	488	69	419	
<i>2019 YTD</i>	<i>452</i>	<i>91</i>	<i>361</i>	



PUBLIC AND GOVERNMENTAL AFFAIRS

Allan Reetz worked with *New York Times* columnist Amy Haimerl to assist on her coverage of small businesses reopening their doors for the first time since nationwide stay-in-place orders were put in place. Here is a [link](#) to the resulting story, *What It Takes to Reopen a Small Business*. The article appeared both online and in print. It was shared 1,680 times on social media, and appeared in other publications.

At the recommendation of Britt Lundgren, Stonyfield’s Director of Organic and Sustainable Agriculture, Allan Reetz has been invited to be a webinar panelist discussing sustainability. The topic is *food sustainability and why it is important, and how you can incorporate it into your everyday life*. This presentation is open to the public starting at 6 p.m. on Wednesday, July 15th. Preregistration is required. Register at this [link](#).

Our cooperative has will soon join other New England businesses, associations, and institutions to express our support for policies and programs that encourage the expansion of responsibly developed offshore wind in our region.

Final monetary and product contributions have been made to this year's [Point to Point](#) fundraiser for the Vermont Foodbank (sic). Like many charity events, this year's Point to Point will be a virtual affair where participants bike or run on their own to raise money. Along with a financial contribution to the foodbank, our cooperative purchased snack bars from two Vermont energy bar companies (and Co-op vendors), OWL and Garuka, for riders and runners. The Upper Valley Haven is one of the Vermont Foodbank's many beneficiary organizations.

Our June GM report included mention of the Hanover Co-op's webinar presentation at the 2020 Spring Conference of New Hampshire Businesses for Social Responsibility. Follow this [link](#) to view the 33-minute PowerPoint video on lessons of *Leadership Through Community Stewardship* from the perspective of the Hanover Co-op.

ADMINISTRATION

Human Resources

- Job Description Update Project – company-wide continues
- On the Job training program – employee survey in development
- Email Safety Program Launched
- Investigation of Online HR Processing of Paperwork through our HRIS/Benefits System
- Orientation and Onboarding to recommence utilizing in-person and online materials
- Work underway with Operations to put a uniform employee appreciation process in place

Facilities/Delivery Services

Facilities – Continues to deal with major equipment failures
Routinely provides timely responses to help requests

Projects – Capital Projects that have been approved for implementation:

- Hanover Storm Water – System Upgrade and Repaving
- Community Market – Front Entrance Upgrade/Glycol Loop
- Hanover Basement – Drainage System Upgrade/Alarms

Projects – Capital Projects that are closing in on implementation:

- White River Junction – New Signage on Building
- Norwich Service Center – Re-Paving/Signage

Delivery – has revamped its schedule to meet the needs of 7-day per week schedule at the Kitchen.

IT – Network and Systems

Installation of Store Cameras – Hanover – Permissions to be decided, Training will be provided
Looking at systems to centralize the “HELP” function for IT, Facilities and HR.

Plans in development for redundancy of our server farm in Lebanon.

Business Continuity

Work continues to build the plan(s) and set up teams

Training for BCP administrators - phase 1 complete.

Training modules for new employees at orientation and onboarding have been created.

APPENDIX B

Bylaws Committee Meeting Minutes

Virtual Meeting via Zoom, July 8, 2020, 3:00 p.m.

Present: Amanda Charland, Rosemary Fifield (chair), Paul Guidone, April Harkness, Lori Hildbrand, Mark Langlois, Allene Swienckowski

Rosemary called the meeting to order and reviewed past minutes from August, September, and October 2019 meetings. She noted that after achieving preliminary review and suggesting revisions, the 2019 Bylaws Committee had suspended meeting because bylaws changes would not be brought to the membership for a vote in April 2020. The committee chose to renew meeting with the seating of the new board in 2020 whose approval would be required in order to bring the matter to a membership vote in the future.

The group reviewed the suggested timeline for bylaws revision and agreed to bring the proposed bylaws changes to the full board for review at the regularly scheduled August board meeting.

A list of suggested bylaws revisions was reviewed with discussion centering around the topics of what to do if a voter quorum is not reached during a membership voting period, need for a member code of conduct, and questions about current bylaws language addressing removal of a board member and member access to records. Allene asked why the bylaws reference “acceptance” of an application for membership when membership is open to all. (Reasons for non-acceptance might include not meeting the minimum age limit or already having a membership on file.) Paul offered wording corrections and asked about indemnifying the GM as well as the board. Amanda noted that the committee will need a plan on how to present the proposed bylaws revisions to the members, including whether all changes are approved with a single vote or whether the members will vote on individual revisions or categories of revisions. Proposed revisions regarding membership approval of financial commitments were also discussed, with a question about appropriate timing. Full board discussion will address these issues.

The committee agreed to hold its next meeting during the first week of August.

Action Items:

- Write a proposal regarding actions to follow non-achievement of a voter quorum. (Amanda)
- Contact attorney Jeff Zellers with questions regarding the application of NH statutes to bylaws language around removal of a board member, a member code of conduct, and member access to records. (Rosemary)
- Set August meeting date and time. (April)

The meeting was adjourned at 4:05 p.m.

APPENDIX C

DEI Committee Meeting Minutes - July 9th

[next meeting will be Tuesday, August 11th, 2020 – 3:30-4:30 p.m.]

All are welcome.

Liz Blum

Marta Ceroni, (guest board member)

Victoria Fullerton, Chair

April Harkness

Lori Hildbrand

Yolanda Huerta, (newest member – just joined July 9th)

Nora Paley

Benoit Roisin

Allene Swienckowski (not present)

-Events program - We had an update from Liz Blum about the Norwich Public Librarian Roger Arnold. The NPL has been getting positive feedback from their members who are inquiring about another guest lecture, and so he has asked us to collaborate with them again on a guest speaker in the Fall. Roger and Liz are considering speakers to build on the theme from the previous speaker at the January event, Theresa Mares. As Roger is a specialist on African history from his museum work, he is looking for something that would be topical. Please contact Liz or Roger if you'd like to contribute some ideas.

-Reading list of books, articles and interviews - see note from Chair at bottom-

-Statements from institutions regarding racism - Benoit shared the statement from the “Joint Statement from Dartmouth board of Trustees/ and President Hanlan.” – Ideas were noted: i.e. Committed to raising people up, expanded curriculum, including representative from DEI committee to connect with leadership, intentional strengthening recruitment and retention, implicit bias training, increased the comprehensiveness of exit interviews across the board, anti-harassment training at high levels, incorporate findings of each committee to keep up with the changing diversity of our community of all stakeholders. (see attachment)

-Anti-Harassment Training – we have yearly training, generally provided in person, but this year, will also be available on line. Lori noted that there are two committees now once again taking up their work that would be aligned with this topic. Lori noted that the exit interviews we conduct may provide information that would be helpful to understand what is happening on the ground.

-New EL's to do with Diversity, (EL-11) this project is currently in progress – we are crafting a new Executive Limitation for Board review. Lori volunteered to re-write the EL to make it broader in scope. She's working closely with the committee as her knowledge of these matters and professional guidance will be helpful.

-Sister Co-ops who are dealing head on with accommodating diversity challenges by crafting new policies - April shared information namely from Bellingham Co-op in Washington state. Seward, Franklin, Weavers Way, River Co-op are also putting out statements that refer to these.

-Sister Co-ops “statements on racism” - Victoria shared a list of statements pulled from the NCG member guide, with about a dozen that stood out as particularly strong, and we will continue to do read these and check on how they are doing. It was suggested that the Board put out a statement in the near future, perhaps in conjunction with any new EL’s the Board might approve once the committee has submitted them for addition as new policies for the register.

How to reach out to our community - conversation centered around how each sister food Co-op has their own unique opportunity use their resources to best support issues directly affecting communities, most importantly food insecurity. As we serve a community that raises large amounts of money, mainly through the ‘Pennies for Change’ program, this is the community’s money – and it was noted that it ought to be clearly publicized where it goes to support the community. It was noted to ask April to look into when/where the HCCS “giving themes” could be updated.

Note from Chair, I have been reviewing the considerable amount of information that we have shared in our committee over the past six weeks, and as it’s both relevant news and also important history, I will annotate it in a collection – that we can access – as much of this had relevant information for our work – and this way we can keep adding to it.

And, finally – to end on a very positive note, our guest member Yolanda Huerta agreed to join the DEI Committee, as a member, so now we are eight!

-Victoria Fullerton
Chair

Next Meeting: - (1): ‘CCMA 2020 Conference reports’ will be shared that relate specifically to “Diversity challenges facing Co-ops”, as several different authors addressed this, Allene, Victoria and hopefully some other attendees at the June 8-12 conference will compare notes beforehand and share them with us – to start our conversation style discussion.

(2) Discuss future board statement - looking at the NCG listing first

(3) Goals are: * EL’s finished for the Board to review and discuss. * Study Information on where to align ourselves for support regarding our efforts in reaching out to more diverse populations in our community, to gain more employees and membership for example. <https://vermontpartnership.org/>, <https://www.iamavermonter.org/>, <https://vermontpartnership.org/> and (3) we will look at how a local private business is taking on these issues in their own way https://vtdigger.org/press_release/the-alchemist-releases-action-plan-to-dismantle-systemic-racism/

APPENDIX D

Ends Committee Report to the Board - Jul 14, 2020

Committee composition

Board: Marta Ceroni (Chair), Victoria Fullerton, Manish Kumar, Peggy O’Neil

Employees: Eugene Cassidy, Janet Couture, David Phillips, Rebecca White

Member owners: Nancy Carter, Brooke Beard, Richard Schramm

The Ends Committee was established by vote of the Board at its 24 July 2019 meeting “to study the new Ends and to recommend changes.” The voted motion also carried the following element: “The Committee will work with Member Services and Outreach to involve as many members as possible.”

The Ends Committee chaired by Benoit Roisin met every two weeks from October 16 2019 until March 23 2020, when Covid 19 redirected everyone’s attention to readjusting our lives and work to the pandemic. The Committee re-started its activities on June 25th 2020, meeting every other Tuesday at 3:30 p.m. (next meeting July 21).

Timeline

The Ends Committee connected with GM Paul Guidone on an ideal timeline that would allow a smooth adoption of the revised Ends and a smooth reporting process. Paul suggested we keep him informed as the work of the Committee unfolds, so that he can begin to “incorporate the Committee/Boards thinking on these revisions into the development of the operating plan as we progress with our process. Typically, we introduce our thinking for the following year to the Board around October. The final plan/budget is typically submitted in December. This should enable the 2021 operating plan/budget to be in sync with revisions to the Ends.”

How we Work

The Ends Committee has structured its work as follows:

1. We will gather information about members’ goals and priorities for the Co-op from active member-owners (those members who have a record of shopping and voting in elections) using survey instruments (existing reports from previous surveys and new survey/s) as well as non-survey instruments (interviews, events, focus groups). Within active members we will seek to include voices across a diverse population.
2. The Ends Committee will connect with Co-op employees to gather supporting information about the impacts of the Co-op on a number of stakeholders (e.g. employees, farms and other vendors, other Co-operatives, community non-profits, locally-owned and independent businesses, and governmental agencies). This work has the intention to retrieve purposes of the Co-op that are already embedded in the operations.
3. We will seek the expertise of the Director of Co-operative Engagement Amanda Charland to draft a survey and deliver it to the active members. We’ll explore ways to use the information gathering process to directly engage the Co-op members.
4. The deliverables will most likely include: a succinct presentation of goals that member-owners deem most important for the Co-op to continue to strive for; a draft of short aspirational Ends for the Board to review and refine; a report on the many important functions the Co-op plays for various stakeholders.

APPENDIX E

2020 Board Meeting Calendar

August 26	Board of Directors Meeting, 5: 15 p.m.
September 23	Board of Directors Meeting, 5:15 p.m.
October 28	Board of Directors Meeting, 5:15 p.m.
November 18	Board of Directors Meeting, 5:15 p.m.
December 16	Board of Directors Meeting, 5:15 p.m.