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AGENDA

Board of Directors Meeting
July 24, 2019
 6:00 p.m., Co-op Resource Center, White River Junction

Time	Agenda Topic	Page	Board Action
6:00	Call to order/Adoption of Agenda Consent Agenda June 26, 2019 Minutes Monthly Share Redemptions		Approve
		3 11	
6:10	Ownership Linkage Member Comments		Listen/Acknowledge
6:20	Monitoring EL 2 – Financial Performance EL 3 – Asset Protection	TBD 12	Decision Decision
6:50	Governance Process Ends Development GP 12 – Board Linkage with Ownership (new) GP 10 – Board Committees (Revision) GP 11 – Board Committee Structure (new) DEI Committee Charter Governance Action Plan Review	30 33 34 35 37 38	Discussion Decision Decision Decision Decision Update/Assign
7:50	Updates and Information General Manager Report (App. A) EL 5 Committee Report (App B) Bylaws Committee Report (App C) Action Items	40 53 55	Information Information Information Review
8:00	Meeting Evaluation Adjournment		Complete form

DRAFT MEETING MINUTES, June 26, 2019

Present: Emmanuel Ajavon, Tom Battles, Kevin Birdsey, Liz Blum, Rosemary Fifield, Jessica Giordani, Ann Shriver Sargent and Allene Swienckowski

Absent: Victoria Fullerton, Ed Howes, Benoit Roisin and Jessica Saturley-Hall (participated by phone briefly)

Staff: Amanda Charland (Director of Member Services & Outreach), Ed Fox (General Manager), April Harkness (Board Administrator), Lori Hildbrand (Director of Administrative Operations), Mark Langlois (Director of Finance)

Guest: Mike Chamness (Community Organizer, Upper Valley Giving Emergency Aid & Resources)

Rosemary Fifield called the meeting to order at 6:00 p.m. in Conference Room A, Co-op Resource Center, White River Jct., VT.

Adopt Agenda

MOTION: Liz Blum moved to adopt the June 26, 2019 board meeting agenda.

Allene Swienckowski seconded the motion.

VOTED: 8 in favor, 0 opposed. The motion passed.

Consent Agenda: May 22, 2019, Meeting Minutes and May 2019 Share Redemption Requests

MOTION: Tom Battles moved to accept the May 22, 2019, Meeting Minutes and the May 2019 Share Redemption Requests.

Jessica Giordani seconded the motion.

VOTED: 8 in favor, 0 opposed. The motion passed.

Confirmation of Officers – President, Vice President, Secretary and Treasurer

Rosemary offered the board an opportunity for additional nominations for the Officer seats. Hearing none, the board confirmed the Officers as named at the May 22nd, 2019 board meeting: Rosemary Fifield, President. Liz Blum, Vice President, Benoit Roisin, Treasurer. Jessica Giordani, Secretary.

VOTED: 8 in favor, 0 opposed. The motion passed.

Appointment of Committee Chairs:

- **Election Committee:** Allene Swienckowski will Chair. Kevin Birdsey will serve on Committee.
- **Finance Committee:** Benoit Roisin will Chair. The full board will serve on Committee.
- **HCCF Advisory Committee:** Tom Battles will Chair.
- **King Award Task Force:** postponed
- **Annual Meeting Task Force:** Ann Shriver Sargent will Chair.
- **Diversity Committee:** Liz Blum will Chair. Allene Swienckowski will serve on Committee.
- **EL 5 Committee:** postponed
- **Governance Committee:** Kevin Birdsey will Chair. Jessica Saturley-Hall and Rosemary Fifield will serve on Committee.
- **Waste Reduction Committee:** will be moved to a Task Force.
(Jessica Saturley-Hall terminated participation by phone and Ann Shriver Sargent arrived).
- **Member Linkage Committee:** This committee's work will be tied to a governance policy (GP) that Jessica Giordani and Victoria Fullerton will present at the July board meeting.
- **Bylaws Committee:** The board voted unanimously in favor of creating a Bylaws Committee. Rosemary Fifield will Chair.

Member Comments

Mike Chamness, Community Organizer from Upper Valley Giving Emergency Aid & Resources (UVGear), described the program and their desire to partner with the Co-op. The program (formerly known as Silent Warriors) provides assistance and supplies to Upper Valley citizens experiencing temporary homelessness, including sleeping bags, tents, personal hygiene items, food and bikes.

The board thanked Mike for coming and offered the Co-op's assistance through our regular channels. Amanda Charland will keep the board informed on the progress.

Monitoring**Monitoring Report EL 4 – Member/Shopper Experience**

MOTION: Ann Shriver Sargent moved to assess the EL 4 – *Member/Shopper Experience* as demonstrating compliance.

Liz Blum seconded the motion.

Ed Fox reminded the board of the upcoming customer survey. The Co-op is working with a new consultant this year and is creating a shorter, more engaging survey that will be statistically significant. The board asked to see a draft of questions that are already developed, so they can see if there are any gaps and consider additional member surveys at a later time.

VOTED: 8 in favor. 0 opposed. The motion passed.

Monitoring Report GP 6 – Board Process for Recruitment and Continuity

MOTION: Kevin Birdsey moved to accept the GP 6 – *Board Process for Recruitment and Continuity* monitoring report.

Jessica Giordani seconded the motion.

Discussion: Allene said that it would be helpful, as a recent board candidate, to know why board members are asked to supply social security cards and other documentation. (*These documents are necessary for the Co-op to be eligible for certain state and federal food assistance programs, such as SNAP and for liquor licensing*).

VOTED: 8 in favor. 0 opposed. The motion passed.

Governance Process

Ends Workshop Report

MOTION: Tom Battles moved to accept the new ends statement as developed by the board at the May 11, 2019 workshop and to rescind the old ends statement.

Allene Swienckowski seconded the motion.

Discussion: Every member of the board present was asked to provide feedback on the new ends statement that was created at a recent full day workshop with the board's policy governance consultant. The board also addressed an email from a member expressing concern over the new ends for reasons that included a lack of differentiation between the Co-op and any other grocery store and any mention of membership. Most board members spoke in favor of the new ends and in recognition of their dynamic and evolving manner over time.

It was also noted that the ends are left to the General Manager to interpret and to provide the board evidence of compliance. Ed was asked for some specific examples of how he might show compliance in certain sections of the new ends and he provided them.

VOTED: 6 in favor, 1 opposed (Liz Blum). 1 abstained (Ann Shriver Sargent). The motion passed. (*Please see Appendix A for new ends statement*)

EL 9 – Cooperative Giving Programs Revision

MOTION: Tom Battles moved to accept the revisions to EL 9 – *Cooperative Giving Programs*

Discussion: Kevin pointed out that the Pennies for Change program is now the responsibility of the General Manager and not the board. It was noted that the round up program is a *customer* program, rather than a *member* program, so it belongs in the hands of the GM.

VOTED: 8 in favor. 0 opposed. The motion passed.

GP 8 – Cooperative Giving Programs

MOTION: Ann Shriver Sargent moved to accept the revisions to GP 8 – *Cooperative Giving Programs*.

Jessica Giordani seconded the motion.

VOTED: 8 in favor. 0 opposed. The motion passed.

GP 2- Board Deliverables

MOTION: Tom Battles moved to accept the revisions to GP 2 – *Board Deliverables* with the following changes: GP 2.1 will be removed and GP 2.1.1 will replace it. (*Please see Appendix B for full version*)

VOTED: 8 in favor. 0 opposed. The motion passed.

Monitoring GPs and B-GMs

Individual board members were assigned responsibility for providing monitoring reports for GPs and B-GMs on page 39 of the June board packet. Each board member is welcome to provide reporting in a narrative format or to use the

format provided in the GP 6 monitoring report in this month's packet. All policies were assigned, except for four which will be divided among those board member's not present. (*Please see Appendix C for board member assignments*).

Governance Action Plan Review

The board went through the Governance Action Plan (on page 41 of the board packet) and confirmed the due dates on several items including; EL 1 revision to be worked on by the Governance Committee for submission in the August board meeting packet, Diversity Committee charter resubmission for the July board meeting and lastly Rosemary offered to work on revisions to the Election Committee charter.

GM Monthly Update

The General Manager told the board that overall financials through May 2019 are looking better than the projected losses for the same period last year. He also updated the board on the removal of food products containing CBD from all locations, but has since been put back on the shelves at the White River Junction store due to differing state laws. Tom commended Allan on his comments to the Valley News and appreciated how the Co-op continues to be in front of these types of issues.

Business planning for 2020 has begun with more conversations to come this fall. The Co-op's ECRS system will be operating at 100% perpetual inventory by the end of next week, enabling automated product orders from all vendors. This will save time in the stores and product on the shelves will be better reflected.

Staffing remains an issue at 2.2% unemployment rate in the Upper Valley. The Co-op has 28 open positions, 20 of which are full-time. We will be relaunching our job ads and looking at how and where we market open positions.

Business Continuity Plan will be reported on in the coming months.

Ed has been working with the new CEO of National Cooperative Grocer (NCG) C.E. Pugh and has invited him to our September board meeting. NCG is also working on revising their ends statement.

Ed was asked specific questions about the Co-op's Community Market and prepared foods position turnovers. He offered to look into it and prepare a summary report for the July board meeting.

Monitoring Ends and ELs

Kevin outlined the way in which the board monitors GM performance via ends and ELs (p. 49 of June board packet). He suggests that these descriptions be incorporated into the Board's Policy Book, perhaps as an Appendix.

Ann also suggested that while the board can keep the existing monitoring calendar, it may be beneficial to have discussion of the month's EL at the board meeting, allow time to ask questions, get feedback and additional data from the GM on any questions, deliberate as a board, but hold off on accepting the monitoring report until the following month. Ann will email the absent board members with her thoughts and provide a proposal for consideration in July.

Action Items

Action items were reviewed and board members were asked to complete a Board Meeting Self Evaluation before they left.

Adjournment

Motion to adjourn at 8:27 p.m.

Respectfully submitted,

April Harkness

Board Administrator

(Rosemary Fifield, on behalf of Jessica Giordani)

Board Secretary

Appendix A

The Hanover Consumer Cooperative Society exists so that there are accessible, trustworthy, high quality, cost-effective goods and services that meet the needs of our diverse and inclusive community.

1. Shoppers have access to a range of goods and services including, but not limited to:
 - 1.1. Fair trade goods
 - 1.2. Locally produced goods
 - 1.3. Organic goods
 - 1.4. Conventional foods
 - 1.5. Affordable goods and services
2. Shoppers experience a positive, personalized experience.
 - 2.1. Shoppers have access to goods and services at times, places, and modes that meet their needs.
3. Our community has choices with positive environmental, health, and social impacts.
 - 3.1. Shoppers understand the environmental, health, and social impacts of their choices.

Appendix B

GP 2 – Board Deliverables

As an informed agent of the member-ownership, the Board's specific job products are those that ensure appropriate organizational performance.

Accordingly, the Board has direct responsibility to produce:

GP 2.1 The link between the member-owners and the operational organization.

GP 2.1.1 Board decisions that reflect member-owners' values and needs.

GP 2.2 Written governing policies that, at the broadest levels, address each category of organizational decision:

Ends: Organizational products, effects, benefits, outcomes, for intended recipients, and their relative worth (what good for which recipients at what cost).

Executive Limitations: Constraints on executive authority that establish the prudence and ethics boundaries within which all executive activity and decisions must take place.

Governance Process: Specification of how the Board conceives, carries out, and monitors its own task.

Board-GM Linkage: How power is delegated and its proper use monitored; the GM role, authority, and accountability.

GP 2.3 Assurance of organizational performance on Ends and Executive Limitations.

GP 2.3.1 Continuity of the CEO function.

GP 2.3.2 Structured monitoring of the CEO as outlined in Board-Management Delegation policies.

GP 2.4 Operational decisions that the Board has prohibited the GM from making by its Executive Limitations policies.

This policy will be monitored annually in January.

Appendix C

Using the monitoring calendar provided in Appendix 1 of the *Governance Policies Manual* dated 12.07.18, the following Board-related policies have been assigned for 2019/2020:

<u>Policy Monitoring Schedule</u>	<u>Report Author</u>
July—September	(none)
October	
GP 9 – Cooperation Among Cooperatives	Ed Howes
November	
GP 5 – President's Role	Ann Shriver Sargent
December	
GP 3 – Governance Development	Tom Battles
January	
GP 2 – Board Deliverables	Jessica Giordani
GP 10 – Board Committees	Allene Swienckowski
February	
GP 4 – Board Members' Code of Conduct	Emmanuel Ajavon
B-GM 2 – Accountability of the GM	Ann Shriver Sargent
B-GM 3 – Delegation to the GM	
March	
B-GM Global	
B-GM 1 – Unity of Control	
B-GM 4 – Monitoring GM Performance	Liz Blum
April	
GP Global	Kevin Birdsey
GP 1 – Governing Style	Kevin Birdsey
GP 7 – Monitoring Board Performance	
May	
GP 8 – Cooperative Giving Programs	<i>HCCF Committee chair - Tom Battles</i>
June	
GP 6 – Board Process for Recruitment & Continuity	<i>Election Committee - Allene Swienckowski</i>

Monthly Co-op Share Redemption Request

SHARE REDEMPTION REQUESTS

July, 2019

For the period ending July 15th, 2019, 30 members have requested redemption of shares. This includes 426 A shares and 15 B shares held directly by the members, and \$27.76 in A share and \$26.33 in B share extra held by the Co-op on account. The total cost of redemption is \$2,559.09. 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 15th, 2019, 6 members have requested share transfers. This includes 168 A shares held directly by the members and \$6.74 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 15th, 2019, 2 members have asked to exchange his/her old B share class for the new B share class. This includes 18 B shares held directly by the members and \$9.02 in B share extra held by the Co-op on account.

To date ending July 15th, 2019, 1,269 members have asked to exchange his/her old B share class for the new B share class. This includes 9,757 B shares held directly by the members and \$2,660.72. in B share extra held by the Co-op on account. This represents approximately 14.2% of originally issued B Shares.

To date ending July 15th, 2019, 10,580 B shares held directly by the members and \$3,033.14 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 15.4% of originally issued B Shares.

Redemption of these shares (\$2,559.09 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.

Monitoring

EL 3—Asset Protection

Submitted by: Ed Fox July 17, 2019

Co-op Board Meeting: July 24, 2019

Reporting Period: YTD July 2018-June 2019

Introduction

In finance, an asset is anything of value that can be converted into cash. Businesses own assets, and these assets typically generate revenue. At our cooperative, assets are viewed differently. For us, assets are not *things people own*, but rather, *resources people share*. Our goal is to use our assets wisely in order to create a better world for our communities and future generations. With this in mind, five categories of Co-op assets are:

1. Financial
2. Physical
3. Data
4. Credibility
5. Employees

Additionally, per the 2019 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.

HCCS BUSINESS CONTINUITY PROGRAM ROADMAP

	#	PHASE TITLE	ACTION	TIMEFRAME	
ORGANIZE	1	ASSIGNMENT OF TEAMS, PROGRAM LAUNCH, AND INTRODUCTORY BCM PROGRAM TEAM MEMBER TRAININGS	Establish BCM Program Steering Committee, BCP Manager, BCP Liaison, and Emergency Response Teams.	Jan-19	Sep-19
ANALYZE	2	BUSINESS IMPACT & RISK ANALYSIS	Gather and process critical impact and risk information across the organization.	Oct-19	Mar-20
STRATEGIZE	3	CONTROL STRATEGY DEVELOPMENT AND/OR IMPLEMENTATION	Select which risks / scenarios to protect from proactively and which require documented response, continuity and recovery procedures. Implement necessary control strategies or put them on the calendar for future implementation.	Mar-20	Jun-20
PLAN	4	DOCUMENT CRITICAL RESPONSE & RECOVERY PLANS	Document plans for response and recovery HCCS-wide, regardless of location. Includes emergency communication, emergency response, and damage assessment procedures for all locations.	Jun-20	As determined by the next Statement of Work (SOW)
EXERCISE	5	EXERCISE CRITICAL PLANS AND MOST LIKELY SCENARIOS	Exercise select business interruption scenarios at key / critical business locations and/or specific to key / critical business functions.	TBD	TBD

As part of this plan, we have acquired software for the purpose of quickly and efficiently contacting our employees should we need to share information in an emergency situation. We have also developed standard operating procedures that we can follow no matter the situation. Finally, we have assigned leadership roles so that, should the need arise, our Co-op is nimble and able to react quickly, appropriately, and efficiently. Ultimately this Business Continuity Plan is designed to protect all Co-op assets, including financial information, member data, physical plant, and so on.

Learn more about how we protect Co-op assets in the functional reporting below.

Executive Limitation 3 states:

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

Operational Definition/Interpretation:

I interpret this statement to mean we must nurture and protect the assets Co-op members have entrusted to us. Sub-policies below outline ways to meet this objective. For each sub-policy, I have provided data to show compliance.

To that end, the General Manager 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:

Security Procedures

All food stores, except the Co-op's Lebanon location, have an access control security system in place and Tasco state-of-the-art security monitoring. At this writing, this security system at Lebanon store location is being scheduled now. Our security system is linked directly to local law enforcement. Management continually reviews best practices, especially in the areas 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 data support compliance?
Cash handling	yes	annual	Director of Finance General Manager	2018 AUDIT Baker, Newman & Noyes	yes
Inventory	yes	quarterly	Director of Finance General Manager	2018 AUDIT Baker, Newman & Noyes	yes
Payables	yes	monthly	Director of Finance General Manager	2018 AUDIT Baker, Newman & Noyes	yes
Payroll	yes	monthly	Director of Human Resources General Manager	2018 AUDIT Baker, Newman & Noyes	yes

Shrink

In retail, the word “shrink” refers to a reduction in inventory due to shoplifting, employee theft, paperwork errors, pricing errors, cashier error, receiving error, damages, non-saleable products, and vendor fraud. Managing shrink is key to protecting inventory and ensuring proper inventory control.

The [2016 National Retail Security Survey](#), conducted in collaboration by the National Retail Federation and the University of Florida, revealed that retailers’ inventory shrink averaged 1.38 percent of retail sales, or \$45.2 billion, in 2015, up by \$1.2 billion from 2014. The grocery sector saw its averages increase from 3.2% in 2014 to 3.6% in 2015.

The Co-op falls well below the average, with an estimated shrink of 1.0%.

Why the Low Shrink?

The Co-op’s shrink numbers are relatively low due to a number of factors. These include:

- high turnover ratios of perishable products when compared to industry averages,
- monthly inventory counts in meat, seafood, prepared foods, deli and produce departments, and
- strong internal controls for receiving and product rotation.

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:

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 Operations Director and store managers. All purchases must be accepted at agreed-upon pricing through the receiving system and reconciled with a shipping document or invoice. All discrepancies are reported to our Inventory Control department for corrective action.

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.

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 management team have had to review and sign off on a copy of these anti-trust policies for placement in their employee file.

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 data support compliance?
Purchasing Controls	yes	monthly	Director of Finance Operations Director General Manager	2018 AUDIT Baker, Newman & Noyes	yes
Products for Sale	yes	monthly	Director of Finance Operations Director General Manager	2018 AUDIT Baker, Newman & Noyes	yes
Contracted Services	yes	Contract date	Director of Finance General Manager	2018 AUDIT Baker, Newman & Noyes	yes
Supplies	yes	monthly	Director of Finance Operations Director General Manager	2018 AUDIT Baker, Newman & Noyes	yes
Capital Items	yes	monthly	Director of Finance Operations Director General Manager	2018 AUDIT Baker, Newman & Noyes	yes
Conflict of Interest	yes	monthly	Management Team	2018 AUDIT Baker, Newman & Noyes	yes

Vendor Fraud	yes	daily	Receiving and Inventory Departments General Manager	none	yes
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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 management team, legal counsel, industry experts, co-op peers, consultants, and others as necessary.

Data:

Contracts

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

Table 3. Contracts

Vendor	Service	Date Signed
A. Service Contracts:		
Gage Lawn Care	Snow Removal	November 2018
Hampshire Fire	Sprinklers, Fire Suppression	June, 2019
Dan Clay	Snow Removal	January, 2019
JP Pest Services	Pest Control	February, 2019
SR Max Cleaning	Floor Cleaning	June, 2019
James Lamontagne	Landscaping	May, 2019
B. 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

C. Other Contracts:

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

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

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, 2018, 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	Adequate?	Does data support compliance?
Commercial (Covers all business units)	Dec. 2018	Director of Finance General Manager			
Buildings			\$9.64 million	Yes	Yes
Business Property			\$9.49 million	Yes	Yes
Business Interruption			\$4.150 million	Yes	Yes
IT	Dec. 2018	Director of Finance General Manager			
Hardware & Software			\$555,000	Yes	Yes
Income/Extra Expense			\$200,000	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 representatives of our Facilities Department. The goal is to identify potentially hazardous conditions. This tour took place four times in the past year.

Joint Loss Management Committee members also make periodic checks on safety issues. Fire extinguisher checks are performed monthly by our Facilities Team. All hazardous conditions are rectified in a reasonable time frame, and ongoing discussions to address repeat issues occur in Operations meetings.

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 Director of Administrative Operations review 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

	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 data support compliance?
Fire extinguisher checks 100% possible = 12 times	Yes, 12 out of 12	Yes	Yes
Fire Panel inspections Qrtly inspection 100% Possible = 4 times	Yes, 4 out of 4	Yes	Yes
Hood Ventilation systems Bi-annual inspections 100% Possible = 2 times	Yes, 2 out of 2	Yes	Yes
Fire sprinkler suppression Annual inspection 100% possible = 1 time	Yes, 1 of 1	Yes	Yes
Emergency lights Qrtly 100% possible = 4 times	Yes, 4 of 4	Yes	Yes
Insurance walk around audits Qrtly inspection 100% = 4 times	Yes, 4 of 4	Yes	Yes

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. 2018	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			\$5,000 per person	Yes	Yes
Umbrella	Dec. 2018	Director of Finance General Manager	\$10 million	Yes	Yes
D&O	Dec. 2018	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 publically 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 principle of least privilege. This principle 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 HR employees only who have a business need to utilize them. Only the Director of Administrative Operations, the Human Resources Manager and the Human Resources Generalist 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:*

The Co-op fosters goodwill, a positive public image, credibility, and the ability to accomplish Ends by maintaining its authenticity. To put it another way, we operate in a transparent manner and “walk the talk.” In the process, we create programs that have genuine and lasting impact.

*Data:***Human Resources**

Training for our employees is ongoing. The Pathways program was rolled out to all employees in the second quarter of 2019. This is a comprehensive program that maps out pathways for employees to follow as they develop their careers at the Co-op. 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. 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

A primary goal of the Outreach and Member Services department is to be better listeners for our members and shoppers. The engagement project is a significant piece of how we better understand member interests and what members would like our Co-op to support for goodwill initiatives and to maintain credibility.

We maintain goodwill by supporting the community in genuine ways that align with member interest and our business plan. We measure this by tracking new memberships, discontinued memberships, and analyzing reasons that members join and leave the Co-op. Working under the assumption that people do not make a financial investment to join an organization with a negative reputation, tracking membership data is an effective way to also track the Co-op’s public image and goodwill.

Membership Data 2018*New Memberships*

1071

Reasons for Joining (Can be More than One)

Ownership: 167

Local foods: 574

Discounts: 557

Sustainability Initiatives: 242

Classes: 59

Canceled Memberships

331

Reasons for Canceled Memberships

38 deceased

293 moved

Public & Governmental Affairs

An [online report here](#) provides extensive details about the Co-op brand and sheds light on our public image, credibility, and goodwill. The report details both positive and negative scores. For the sake of comparison, last year's breakdown was 71% positive, 29% neutral, 0% negative. The Co-op jumped this year.

The goodwill and reputation of any entity is usually in the “eye of the beholder.” As part of the Co-op’s PR work, we strive to build relationships and collaborate with as many partners as possible. Due to the limits of time and department resources, these efforts are mostly focused on four key areas of likely influence.

The public and government affairs work at our cooperative strives to maintain a primary focus matters of local food, food security, workforce housing, and wage fairness. That said, there are no firm boundaries when it comes to our efforts. Therefore, in the list below you will see our involvement in topics such as transportation, family and medical leave, cooperative collaboration, and other legislative matters of concern to our business.

This listing runs in chronological order from August 2018 to June 2019.

New Hampshire Businesses for Social Responsibility’s advocacy committee (ongoing). Among topics under consideration for statewide advocacy is affordable housing. I am co-leading this effort.

Audio Production for Point to Point. Provided pro bono service to this annual fundraiser for the Vermont Food Bank.

Store tours and meeting with Vermont Secretary of Agriculture Anson Tebbetts. Toured our White River and Lebanon stores, followed by meeting at the Co-op Learning Center. Discussion of issues critical to small farms.

Workforce housing research and advocacy (ongoing). Collaboration with Mike Kiess and Allison Rogers Furbrish of Vital Communities.

FMLI news conference. Spoke at press conference as part of effort to joint effort with Campaign for a Family Friendly Economy to own the conversation about Family Medical Leave *before and during* the fall campaign for house, senate, and governor’s office.

Attended 3-day Co-op Impact Conference, Washington, D.C.

Attended USDA Mock FSMA Audit at Upper Valley farm. This restricted opportunity provided me with deeper understanding of produce safety rules, challenges, and concerns of local farmers.

Twin Pines Housing meeting with Senate President Pro Tem Tim Ashe and Windsor County representative Alice Nitka. Attended as sole outside guest at this issues and housing update between Twin Pines and the senators

New Hampshire Food Alliance Process Team meetings (ongoing)

Radio Interview on Cooperatives (WGIR, and streaming online)

Sustainability Slam – Hanover Co-op produce crate program that benefits area farmers. Event attended by 200 business leaders from around New Hampshire.

Housing Event at UV Senior Center (community forum)

Farmers Mixer; end of the season event sponsored by Vital Communities.

Transit Meetings (ongoing work with Upper Valley Transportation Management Association) Community/Sullivan County transportation forum in Charlestown, NH. Attended with representatives of Vital Communities and the City of Lebanon

Main Street Alliance of Vermont Advisory Committee (2019 planning work)

Cooperative Leadership Council planning meetings (ongoing)

Yankee Farm Credit meeting to discuss participation in our Co-op's Farmer and Food Producer Workshops

Advocacy/testimony before New Hampshire House Committee on funding for Affordable Housing Trust Fund. Spoke in favor of funding for this successful loan fund.

Attended farmer and food producer forum on food hub and distribution and opportunities/challenges here in the Upper Valley. Event sponsored by Vital Communities, with presentations by Food Connects and Food Connex (they are different).

Attended Hanover Co-op's annual Growers Meeting (My annual participation is part of my 25-year working relationship with area farmers.)

New Hampshire Fiscal Policy Conference (NHFPI's Sixth Annual Conference examined the state economy and highlighted key areas within the state budget where investments can enhance the health and well-being of New Hampshire residents. This event also explored current needs, future goals, and policy solutions that will help to sustain a vibrant economy that benefits all Granite Staters.)

Advocacy/Testimony before New Hampshire house committee considering Family & Medical Leave Insurance proposal (SB1)

Farmer and Food Producer Workshop [Series](#) (each Friday in March):
<http://coopfoodstore.coop/workshops>

Real Organic Project Symposium, Dartmouth College

New Hampshire Food Alliance Statewide Gathering (daylong event at Plymouth State College; I gave closing remarks)

Phone meeting with [Sarah Shumann](#) to discuss the “graying of the fleet” and other challenges faced by New England’s fishermen,* and the regional seafood industry. (Sarah is a writer, documentarian, blogger, and fisherman.) *This gender-specific term is generally preferred by women working in the trade.

Paul Turbeville, VP of Marketing at Pete and Gerry’s Eggs. Discuss idea for product testing and focus group around sustainable egg cartons. This became a project of our Co-op’s Outreach Department.

National Organic Coalition Fly-in. Attended 3-day advocacy trip to meeting with house and senate leaders and/or staff, plus members of Senate Agriculture Committee on farm bill issues and critical needs of the organic industry. Attended at the invitation of both NOC and National Co-op Grocers.

Testified on New Hampshire’s proposed Plastic Bag legislation. As part of this effort, spoke at length with bill’s primary sponsor, Judith Spang, about potential for negative impact the legislation would have on vendors at farmers markets and community organizations such as Listen Community Services.

The Road to the Future: Transportation in Vermont. Event for advocates and community members.

Resident Owned Communities USA (ROC USA) event celebrating 15,000-home-milestone. Brief meeting with Paul Bradley of ROC NH and ROC USA)

Meeting with Mike Snow, a farmer returning to the region and seeking insights on the current state of small agriculture and ways to return to the land after 15 years farming in North Carolina

Spoke at length with Vermont State Senator Alison Clarkson about Vermont’s plastic bag legislation, expressed concerns over impact on farmers markets and community service organizations, and then followed up with a letter to committee chairs.

Attended New Hampshire Businesses for Social Responsibility day-long conference in Concord.
Attended New England Parking Council regional conference, Burlington, Vermont

"Housing Breakfast" at State House. Joined other housing advocates for informal discussions with legislators on affordable housing trust fund and the housing appeals board (both topics made it into the final budget as presented to Governor Sununu. Legislation is still in limbo due to larger budget impasse (veto by governor).

Sat-in as guest on National Organic Coalition board conference call. Followed call with discussion with NOC's executive director and lead lobbyist to refine follow-up actions I could take. Those included direct outreach to key congressional contacts.

Informal meeting with Rebecca White, Hanover Co-op assistant produce manager, to discuss our cooperative's long history of working with local and regional farmers.

Hosted Advocacy Training Workshop on behalf of New Hampshire Food Alliance and New Futures Training. Co-hosted by Vital Communities.

Urged New Hampshire representative Sharon Nordgren (Grafton County, 9th District) to support the Housing Appeals Board legislation that was/is in the proposed budget (currently pending due to governor's veto).

Spoke with Vermont Division of Liquor Control Commissioner Patrick Delaney about that state's policy and potential for action regarding hemp and cannabidiol products (CBD). This was done as part of our response to statements by New Hampshire Liquor Commission.

I report compliance.

Governance Process

Ends Development Recap

At the board meeting on June 26, 2019, the board voted to rescind the old Ends policy and adopt the new Ends policy developed in the Ends Workshop held on May 11, 2019 under the guidance of Richard Stringham of Governance Coach. The current Ends read as follows:

The Hanover Consumer Cooperative Society exists so that there are accessible, trustworthy, high quality, cost-effective goods and services that meet the needs of our diverse and inclusive community.

1. Shoppers have access to a range of goods and services including, but not limited to:
 - 1.1. Fair trade goods
 - 1.2. Locally produced goods
 - 1.3. Organic goods
 - 1.4. Conventional foods
 - 1.5. Affordable goods and services
2. Shoppers experience a positive, personalized experience.
 - 2.1. Shoppers have access to goods and services at times, places, and modes that meet their needs.
3. Our community has choices with positive environmental, health, and social impacts.
 - 3.1. Shoppers understand the environmental, health, and social impacts of their choices.

Eight board members were present at the June 26 meeting, and adoption of the new Ends policy occurred with a vote of six in favor, one opposed, and one abstaining. While the vote stands in terms of being a majority of those present, it represents only fifty percent of the total board membership.

With that in mind, at our July meeting, we will review the Ends that were adopted on June 26, 2019, and accept proposed actions anyone may wish to offer for full board consideration. Please come prepared with specific language if you wish to propose additions or deletions.

These excerpts from Richard Stringham's *Report of the Governance Workshop for the Hanover Consumer Cooperative Society, Conducted May 11, 2019* may help to explain the thought process:

- ❖ Ends policies are the board's statements of what the organization is for, not what it does. Each of the Ends policy statements includes one, two, or all three of the following and nothing more:
 - Results
 - What benefit/outcome/impact/good should the organization create?
 - Beneficiaries:
 - Who are the primary intended recipients of that effect?
 - Worth
 - What are the results worth in terms of return on investment and priorities?

Ends are not statements of means that the organization uses to achieve the above three components. (p. 3)

- ❖ The organization does not exist for employees although they are critical for the means of achieving Ends. The ownership may be concerned for the treatment of employees; however, that does not mean that the organization exists for the benefit of the employees. Consequently, although employees should not be included in the Ends of the cooperative, it is important that the board have Executive Limitations policies which appropriately reflect the ownership's values regarding the treatment of staff and staff compensation. (pp.3-4)
- ❖ Ends policies are delegated to the General Manager with an expectation that he will achieve a reasonable interpretation of each of the policies; consequently Ends must be achievable and are not the same as vision statements. (p. 4)
- ❖ Ends are the board's instructions to the GM for which he will be held accountable for achievement. They are not mission statements, slogans, mottos, etc. Consequently, Ends may not be as smooth as statements which are designed for inspirational purposes. (p. 4)
- ❖ To develop more effective Ends, the board should enhance its understanding of the environment within which the intended recipients operate and the potential futures that they face. (p. 5)
- ❖ To ensure the cooperative's relevancy, Ends should be reviewed on a regular basis (e.g. once a year). Begin your preparations for your next Ends review now by planning to collect input over the coming year:
 - a) Develop and implement an ownership linkage plan.
 - b) Develop and implement a plan to enhance the board's thinking about potential futures. The intent of doing so is not so that the board can predict the future; instead it is to further develop the board's role as the wise agent of the ownership! (p. 7)

To begin discussion I offer the following compromise:

The Hanover Consumer Cooperative Society exists to create a well-nourished community cultivated through cooperation.

1. Customers have access to food that is affordable, healthy, and grown or processed locally to the fullest extent possible.
2. Customers understand the health impacts of their choices.
3. Economic value is returned to members' communities.
4. A vibrant cooperative sector serves our customers, locally, regionally, and nationally.
 - 4.1 Shoppers and the community are educated about the value of cooperative principles and enterprises.
5. Customers experience a healthy environment.
 - 5.1 Customers understand the environmental impacts of their choices.
6. Customers have a positive, personalized experience.

- 6.1 Everyone engaging with our business feels included, welcomed, and appreciated.
- 6.2. Customers have access to trustworthy, high quality, cost-effective goods and services that meet the needs of a diverse and inclusive community

GP 12 – Board Linkage with Ownership

The owners of the Hanover Consumer Cooperative Society are defined as the Co-op members. The board shall be accountable for the organization to its owners as a whole. Board members shall act on behalf of the owners as a whole, rather than being advocates for specific geographic areas or interest groups.

GP 12. 1 When making governance decisions, board members shall maintain a distinction between their personal interests as customers of the organization's services, and their obligation to speak for others as a representative of the owners as a whole. As the agent of the owners, the board is obligated to identify and know what the owners want and need.

GP 12.2 The board shall gather data in a way that reflects the diversity of the ownership. It shall meet with, gather input from, and otherwise interact with owners in order to understand the diversity of their values and perspectives.

GP 12.3 The board will establish and maintain a three-year ownership linkage plan, in order to ensure that the board has intentional and constructive dialogue and deliberation with the owners, primarily around the organization's Ends. The plan will include selection of representative owners for dialogue, methods to be used, and questions to be asked of the owners. The information obtained from this dialogue with owners will be used to inform the board's policy deliberations.

GP 12.3.1 All board members are accountable to the board for participating in the linkage with owners as identified in the plan.

GP 12.4 The board will consider its ownership linkage successful if, to a continually increasing degree:

- When developing or revising Ends, the board has access to diverse viewpoints that are representative of the ownership regarding what benefits this organization should provide, for whom, and the relative priority of those benefits.
- The owners are aware that the board is interested in their perspective.
- If asked, the owners would say that they have had opportunity to let the board know their views.
- The owners are aware of how the board has used the information they provided.

GP 10 – Board Committees

The Board will assign committees, when appropriate, to reinforce the wholeness of the board's job, and never to interfere with delegation from board to GM.

- GP 10.1:** Board committees are to help the board do its job, never to help, advise, or exercise authority over management. Committees ordinarily shall assist the board by preparing alternatives and implications for board deliberation or by performing direct inspections or overseeing monitoring functions as specified by the board.
- GP 10.2:** Board committees may not speak or act for the Board except when the Board formally gives such authority for specific and/or time-limited purposes.
- GP 10.3:** The board will carefully state expectations and authority in order not to conflict with authority delegated to the GM.
- 10.3.1** The GM is not required to obtain approval of a Board committee before an executive action. The GM works for the full board.
- 10.3.2** Board committees cannot exercise authority over employees.
- GP 10.4:** The Board will use committees sparingly.
- GP 10.5:** Any group formed by board action, whether called a committee or not, and whether it includes directors or not, is subject to this policy. It does not apply to committees formed under the authority of the CEO.
- GP 10.6:** All committee members shall abide by the same Code of Conduct as governs the board.
- GP 10.7:** Except as defined in written Committee Charter, no committee has authority to commit the funds or resources of the organization.

GP 11 – Board Committee Structure

A committee is a board committee only if its existence and charge come from the board, regardless of whether board members sit on the committee. The only board committees are those that are set forth in lower level sections of this policy.

GP 11.1 [DEI Committee Charter]

GP 11.2 [Election Committee Charter]

GP 11.3 Governance Committee

The Governance Committee works to improve both the Board's processes and its use of Policy Governance principles.

Products:

1. The committee's products are to support the Board's job. The committee will not make decisions for the board unless explicitly stated in this policy.
 - 1.1. The Board will receive suggestions both to improve Board workflow and to improve strategic governance and monitoring practices whenever the committee develops such suggestions.
 - 1.2. A survey of directors and GM will serve as monitoring report data when the author of a given monitoring report requests the committee to facilitate one. The GM will only be surveyed to provide data for GP-5 and B-GM policies.
 - 1.3. The Board will receive new policy or policy revisions when the full Board or individual directors request the committee to draft them.
 - 1.4. The Board receives and can consider suggested plans to address noncompliance with GP and B-GM policies as developed by the committee.
 - 1.6. Policy manual appendices and Board Handbook will reflect current board practices.
 - 1.7. Options for action items derived from reports from the board's governance consultant are presented to the Board by the committee.

Authority:

2. The committee's authority enables it to assist the board in its work, while not interfering with board holism.
 - 2.1 The committee has no authority to change or contravene board policies, despite its charge to bring suggested revisions to the board.
 - 2.2. The committee may spend any funds allocated in the Board budget. The committee will not spend additional funds beyond this allocation without Board approval.
 - 2.3. The committee has authority to use a normal amount of employee resource time for administrative support from an employee familiar with the board's operations.
 - 2.3.1. The committee will exclude such an employee from its work when confidentiality dictates, at the discretion of the committee members.
- 2.4. The committee will liaise with the Board's governance consultant; but it may not enter into or change the consulting contract.

2.5. The committee may engage legal counsel for opinions regarding board governance matters.

2.6. The committee Chair has the authority to interpret this committee charter reasonably.

Composition and terms

3. The Committee's composition shall enable it to function effectively and efficiently.

3.1. The Board will appoint the Chair of the committee.

3.2. The chair will seek volunteers from the remaining members of the Board so that there are at least four directors on the committee.

GP 11.4 Hanover Cooperative Community Fund (HCCF) Advisory Committee

The HCCF Advisory Committee assists the Board in fulfilling its responsibilities for the Hanover Cooperative Community Fund, a permanently endowed fund managed by the Twin Pines Cooperative Foundation (TPCF), a tax-exempt 501(c)(3) corporation .

Products:

1. The committee products are to support the board's job, never to decide for the board unless explicitly stated below.

1.1 The Cooperative adheres to the most recent contract made with TPCF.

1.1.1 The Board is aware of any requirements or concerns of TPCF.

1.1.1.1 Board members have access to the most recent contract with TPCF.

1.1.2 Disbursement of interest meets TPCF guidelines.

1.2 Annually, options and implications for the Board's decision regarding disbursement of TPCF interest in accordance with GP 8 guidelines and the TPCF contract.

1.3 An annual report to the Board including:

- 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.

1.4 A brief annual report to the Society at its Annual Meeting.

Authority

2. The Committee's authority enables it to assist the board in its work, while not interfering with board holism.

2.1 The Committee has no authority to change board policies.

2.2 The Committee Chair has the authority to reasonably interpret this charter and the TPCF contract.

2.3 The Committee has no funds of its own to spend.

2.4 The Committee has authority to use staff resource time normal for administrative support around meetings, the award application process, and communication with TPCF.

2.5 The Committee has no authority over staff fundraising activities.

Composition and Tenure

3. The Committee's composition shall enable it to function effectively and efficiently.

3.1 The Board shall elect one of the current directors to chair the Committee for one year.

3.2 The Committee will have a minimum of four members.

3.3 The Chair will select the remaining members subject to the approval of the Board of Directors.

3.3.1 Committee members shall include at least one Co-op member who is not an employee and is not on the Board.

Diversity, Equity and Inclusion Committee Charter

The Diversity, Equity and Inclusion Committee (DEI) will assist the board with the following activities in accordance with the board's responsibility for member-owner linkage with a changing and growing membership.

Committee Objectives:

1. The Committee shall work toward racial and social diversity, equity and inclusion by preparing the list of products below to better serve and represent our communities and Cooperative Principle 1.

Committee Products:

2. The Committee produces information, options, and plans for the board's consideration.
 - 2.1 An assessment of the current level of engagement by the board with racially and socially diverse populations' ownership linkage in the community.
 - 2.2 Information to enable the board to understand why some segments in the community do not engage with the board's ownership linkage activities and options regarding strategies to enhance ownership engagement.
 - 2.3 An assessment of the effectiveness of the board's linkage in engaging with the community's diverse populations.

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 Chair has the authority to reasonably interpret this Committee Charter.
 - 3.2 The Committee has no authority to change board policies.
 - 3.3 The Committee has no authority to spend funds without Board approval.
 - 3.4. The Committee has authority to use employee resource time normal for administrative support.

Committee Composition and Tenure:

4. The Committee's composition shall enable it to function effectively and efficiently.
 - 4.1 The Board shall elect one of the current directors to chair the Committee.
 - 4.2 The Committee shall have a minimum of five members, including two additional board members, at least one employee and the Human Resources Director. The remaining members shall reflect the diversity of our community.
 - 4.3 The Chair will select the members subject to the approval of the Board of Directors.

Governance Action Plan July 24, 2019 p. 1*Items in italics have been completed.*

color code: current month next month new/change

Task	Reference	Who	By When	Date done
Current Policies				
Rewrite Governance Committee Charter	Workshop Report p. 22-23	Kevin	May	5/22/2019
Rewrite HCCF Committee Charter		Rosemary	May	5/22/2019
Rewrite GP2 to define board deliverables without references to operations	HCCS Coaching Advisory Report 2019-02, pp. 2-3	Ed Howes	June	6/26/2019
Revise GP 8	discussion w/R. Stringham via email	Rosemary	June	6/26/2019
Revise EL 9	discussion w/R. Stringham via email	Rosemary	June	6/26/2019
Revise GP6 to focus on identifying board attributes, not committee process	Workshop Report p. 20-21	Rosemary	August	to GC first
Rewrite Election Committee Charter	Workshop Report pp.18-19	Rosemary	August	to GC first
Rewrite Diversity Committee Charter to focus on products rather than objectives	HCCS Coaching Advisory Report 2019-03, pp. 3-4	Liz	July	
Revise GP10; write GP 11 Board Committee Structure; include committee charters as subpolicies	Workshop Report pp. 8, 17; HCCS Coaching Advisory Report 2019-05 pp.3, 10-12	Gov. Comm.	July	
Review EL 4 Member Shopper Experience	Any revisions needed?		August	
Review EL 2 Financial Condition	Any revisions needed?		August	
Review EL 3 Asset Protection	Any revisions needed?		August	

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	
GP 12: Board Linkage with Ownership	HCCS Coaching Advisory Report 2019-02, p. 9; HCCS Coaching Advisory Report 2019-04, p. 12	Jessica G & Victoria	July	
GP: Organizational Culture	Workshop Report pp.24-25			
GP: Special Rules of Order	Workshop Report pp.26-27			
GP: Handling Operational Complaints	Workshop Report p. 28			
GP: Handling Apparent Policy Violations	Workshop Report pp.29-30			

Governance Action Plan July 24, 2019 p. 2

Task	Reference	Who	By When	Date done
Ends and ELs				
<i>Review Ends for format, content, how well they reflect the desires of the ownership</i>	<i>Coaching Advisory Report 2019-02, p.3; Coaching Advisory Report 2019-03, pp.2-3</i>	<i>Board, GM</i>	<i>Workshop 5/11/2019</i>	<i>5/11/2019</i>
<i>Discuss proposed Ends; approve final version; rescind old Ends</i>		<i>Board</i>	<i>June</i>	<i>6/26/2019</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>Develop a multi-year linkage plan to inform Ends review</i>	<i>Coaching Advisory Report 2019-02, p.9; Coaching Advisory Report 2019-04, p.12</i>	<i>Board</i>		

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 Report 2019-02 pp. 5-6; HCCS Coaching Advisory Report 2019-03 p. 5</i>	<i>Kevin</i>	<i>June</i>	<i>6/26/2019</i>
<i>Proposal to modify EL monitoring timeline</i>		<i>Ann</i>	<i>July</i>	

Meetings/Board Performance

<i>Adopt an agenda focused on member linkage, policy review, and monitoring of operational performance.</i>	<i>HCCS Coaching Advisory Report 2019-02, p.4; "Sample Agenda," Policy Governance Reference Manual, p. 2-MTGS</i>	<i>Board president</i>	<i>June</i>	<i>6/26/2019</i>
<i>Adopt a schedule to review policies on a calendar basis.</i>	<i>HCCS Coaching Advisory Report 2019-02, p.4</i>	<i>Board president</i>	<i>June</i>	<i>6/26/2019</i>
<i>Include meeting evaluation at the end of each meeting.</i>	<i>Workshop Report p. 7</i>	<i>Board president</i>	<i>June</i>	<i>4/24/2019</i>

APPENDIX A**GM Monthly Update****Communication and Counsel to the Board**

Submitted by: Ed Fox July 17, 2019

Co-op Board Meeting: July 24, 2019

Reporting Period: YTD June 2019

No action is required in this report.

OVERVIEW

Part of my job as general manager is not only to look at the numbers and to think about them, but also to interpret them and to develop a sense of what they're telling us. This requires finding creative ways to put big numbers into perspective, to give them a sense of scale.

Think about this: we do more than 2 million transactions per year. Two million! Ironically, big numbers are so big we often don't realize how big they really are. Two million can seem like a pretty staggering number, or it can seem like nothing at all because it's so abstract that it's difficult to imagine.

One way I like to put a large number into scale is to think of it in terms of time. Think of a number in seconds, for example. Two seconds from now is about the end of this sentence. Two million seconds from now is about 23 days away. Or think of it in terms of days. Two days from now is Monday. Two million days from now is more than 5,000 years away.

Circling back to the issue at hand, we're not talking about dollars or seconds, but transactions. Clearly 2 million transactions per year is a very big deal. To me, it doesn't speak to our size or scope or even our level of success, but instead, it speaks to our impact. Every transaction is serving someone. It may be a different person, or it may be the same person making multiple transactions. Regardless, 2 million transactions per year represents a huge impact on our communities. The takeaway is that through this organization, we all have the opportunity to make a real difference in the world, just by doing what we do each day.

As you look through the functional reporting below, I encourage you to think about this. I believe it helps to evaluate our work. There are certainly a lot of numbers in the pages that follow, and this sort of thinking helps to put them into scale, consider them in context, and appreciate that they represent how much of a difference we make to the people of the communities we serve.

Questions or feedback? I'd love to hear from you. So please reach out anytime. My door is always open. In the meantime, as always, my thanks to the senior leadership team and location managers for contributing to the following reports and updates. —ed

SALES TRENDS

Data Through June 2019	Consolidated						Service Center	Hanover Gas	Hanover Repairs	Norwich Repairs
	Food Stores	Hanover	Lebanon	CCM	WRJ					
Actual Sales: % Change Current Month to 12 Months ago	1.46%	1.76%	-0.16%	-2.80%	5.75%		-1.72%	-15.14%	-54.72%	100.00%
Actual Sales: % Change YTD through Current Month to YTD 12 Months ago	3.91%	3.42%	3.39%	0.03%	6.85%	2.82%	-9.39%	-41.63%		100.00%
Actual YTD Sales	\$ 35,532,189	\$ 12,392,122	\$ 15,822,495	\$ 1,100,814	\$ 6,181,047	\$ 2,042,962	\$ 1,454,966	\$ 222,507	\$ 365,489	
Actual YTD Budgeted Sales	34,678,295	12,086,339	15,550,977	1,143,619	5,865,560	2,254,802	1,475,500	197,100	582,202	
Actual Variance in sales	\$853,894	\$305,783	\$271,518	(\$42,805)	\$315,487	(\$211,840)	(\$20,534)	\$25,407	(\$216,713)	
Potential Margin Impact	\$279,223	\$99,991	\$89,601	(\$14,370)	\$98,116	(\$119,944)	(\$1,335)	\$15,752	(\$134,362)	
Month Ending	Location	YTD Sales	YTD Budget	YTD % Variance	YTD Variance	Gross Margin Impact	2019 YTD Transactions	2018 YTD Transactions	Change prior year	% Change prior year
6/29/19	Consolidated Stores	\$35,537,528	\$34,646,515	2.57%	\$891,013	\$284,447	904,098	908,689	(4,591)	-0.51%
	Hanover	\$12,402,854	\$12,086,339	2.62%	\$316,515	\$102,108	271,333	274,122	(2,789)	-1.02%
	Lebanon	\$15,853,038	\$15,550,977	1.94%	\$302,041	\$98,163	332,081	337,447	(5,366)	-1.59%
	CCM	\$1,100,980	\$1,143,619	-3.73%	(\$42,639)	(\$15,111)	96,038	98,985	(2,947)	-2.98%
	WRJ	\$6,180,656	\$5,865,560	5.37%	\$315,096	\$99,287	204,646	198,135	6,511	3.29%
	Service Centers									
6/29/19	Hanover	\$1,325,565	\$1,388,850	-4.56%	(\$63,285)	(\$12,021)				
	Gas	\$1,145,469	\$1,191,750	-3.88%	(\$46,281)	(\$1,819)				
	Gallons Pumped	436,546								
	Average Price	\$2.65								
	Labor	\$93,714								
	Parts	\$86,382								
	Total repairs	\$180,096	\$197,100	-8.63%	(\$17,004)	(\$10,202)				
6/29/19	Norwich	\$268,451	\$432,783	-37.97%	(\$164,332)	(\$98,599)				
	Labor	\$120,533								
	Parts	\$136,835								
	Tires	\$11,083								
	Total repairs	\$268,451	\$432,783	-37.97%	(\$164,332)	(\$98,599)				
	Stores & Service Centers	\$37,131,544	\$36,468,148	1.82%	\$663,396	\$173,826				

Food Stores

YTD Ending 6/29/19	Consolidated YTD Sales	YTD Budget	variance	Hanover YTD Sales	YTD Budget	variance	Lebanon YTD Sales	YTD Budget	variance	CCM YTD Sales	YTD Budget	variance	WRJ YTD Sales	YTD Budget	variance
Bakery	\$1,699,042	\$1,700,076	(\$1,034)	\$585,204	\$570,300	\$14,904	\$741,514	\$759,900	(\$18,386)	\$45,668	\$47,695	(\$2,027)	\$326,655	\$322,181	\$4,474
Beer	\$1,056,061	\$990,472	\$67,589	\$266,230	\$237,533	\$28,697	\$369,350	\$344,149	\$25,201	\$74,426	\$57,724	\$348,056	\$351,066	(\$3,010)	
Beverage	\$997,596	\$933,124	\$64,472	\$305,496	\$286,999	\$18,507	\$398,195	\$377,468	\$20,726	\$75,246	\$76,421	(\$1,175)	\$218,660	\$192,246	\$26,414
Bin Bulk	\$1,753,983	\$1,746,456	\$7,527	\$660,841	\$637,500	\$23,341	\$880,138	\$909,356	(\$29,219)	\$36,560	\$35,687	\$873	\$176,444	\$163,913	\$12,531
Cheese	\$902,440	\$873,859	\$28,581	\$364,935	\$348,100	\$16,835	\$430,786	\$422,873	\$7,913	\$10,207	\$11,254	(\$1,047)	\$96,512	\$91,632	\$4,880
Dairy	\$3,596,079	\$3,484,361	\$111,718	\$1,274,167	\$1,235,735	\$38,432	\$1,515,558	\$1,459,166	\$56,392	\$99,433	\$107,810	(\$8,377)	\$706,922	\$681,650	\$25,272
Deli	\$711,646	\$725,380	(\$13,734)	\$226,832	\$235,808	(\$8,976)	\$314,293	\$322,274	(\$7,981)	\$9,324	\$11,136	(\$1,812)	\$161,197	\$156,162	\$5,035
Floral	\$759,504	\$783,026	(\$23,522)	\$297,897	\$315,833	(\$17,936)	\$369,370	\$378,298	(\$8,928)	\$11,246	\$10,804	\$442	\$80,990	\$78,091	\$2,899
Frozen	\$1,535,968	\$1,468,970	\$66,998	\$499,563	\$476,418	\$23,145	\$648,199	\$608,696	\$39,503	\$42,536	\$49,086	(\$6,550)	\$345,670	\$334,770	\$10,900
Grocery	\$7,656,438	\$7,462,591	\$193,847	\$2,409,537	\$2,343,665	\$65,872	\$3,559,290	\$3,476,666	\$82,623	\$175,534	\$188,830	(\$13,296)	\$1,512,078	\$1,453,430	\$58,648
HABA	\$1,139,974	\$1,101,723	\$38,251	\$444,170	\$427,128	\$17,042	\$592,951	\$584,572	\$8,379	\$6,078	\$5,837	\$241	\$96,776	\$84,186	\$12,590
Kitchenware	\$152,309	\$150,399	\$1,911	\$73,976	\$78,980	(\$5,004)	\$54,858	\$52,633	\$2,226	\$7,418	\$3,210	\$4,208	\$16,056	\$15,576	\$480
Meat	\$2,807,825	\$2,758,149	\$49,676	\$962,636	\$946,371	\$16,265	\$1,254,573	\$1,242,942	\$11,631	\$26,527	\$32,886	(\$6,359)	\$564,089	\$535,950	\$28,139
PFD	\$2,516,490	\$2,501,208	\$15,283	\$716,551	\$720,709	(\$4,158)	\$1,103,489	\$1,101,656	\$1,833	\$320,039	\$341,496	(\$21,457)	\$376,412	\$337,347	\$39,065
Produce	\$5,664,397	\$5,416,570	\$247,826	\$2,319,902	\$2,255,879	\$64,023	\$2,483,624	\$2,381,379	\$102,244	\$80,918	\$83,680	(\$2,762)	\$779,953	\$695,632	\$84,321
Seafood	\$990,635	\$994,066	(\$3,431)	\$384,238	\$390,941	(\$6,703)	\$476,599	\$478,564	(\$1,965)	\$2,832	\$2,761	\$71	\$126,966	\$121,800	\$5,166
Sushi	\$439,966	\$455,464	(\$15,498)	\$121,747	\$117,700	\$4,047	\$263,042	\$275,582	(\$12,540)	\$25,800	\$25,210	\$590	\$29,378	\$36,972	(\$7,594)
Wine	\$1,078,071	\$1,100,601	(\$22,529)	\$466,577	\$460,750	\$5,827	\$351,677	\$374,803	(\$23,126)	\$50,439	\$52,092	(\$1,653)	\$209,378	\$212,956	(\$3,578)
TOTAL	\$35,460,425	\$34,646,495	\$813,931	\$12,380,499	\$12,086,339	\$294,160	\$15,807,503	\$15,550,977	\$256,526	\$1,100,230	\$1,143,619	(\$43,389)	\$6,172,194	\$5,865,560	\$306,634

Service Centers

YTD Ending 6/29/19	Consolidated YTD Sales	YTD Budget	variance	Hanover YTD Sales	YTD Budget	variance	Norwich YTD Sales	YTD Budget	variance
Gas	\$ 1,145,469	\$ 1,191,750	\$ (46,281)	\$ 1,145,469	\$ 1,191,750	\$ (46,281)			\$ -
Parts	\$ 223,217	\$ -	\$ 223,217	\$ 86,382	\$ 86,382	\$ 0	\$ 136,835	\$ 136,835	\$ 0
Tires	\$ 11,083	\$ -	\$ 11,083	\$ -	\$ -	\$ -	\$ 11,083	\$ 11,083	\$ 0
Repairs	\$ 214,247	\$ 629,883	\$ (415,636)	\$ 93,714	\$ 197,100	\$ (103,386)	\$ 120,533	\$ 432,783	\$ (312,250)
TOTAL	\$ 1,594,016	\$ 1,821,633	\$ (227,617)	\$ 1,325,565	\$ 1,388,850	\$ (63,285)	\$ 268,451	\$ 432,783	\$ (164,332)

FOOD STORES

FY2019: +\$891,034 +2.57% growth in sales v. budget
+3.80% growth in sales over 2018

FY2018: +\$879,489 +2.64% growth in sales v. budget
+2.69% growth in sales over 2017

Projected/budgeted loss thru June FY2019: **-\$381,569**
YTD Forecasted loss thru June: **-\$365,000**

SERVICE CENTER

FY2019: **-\$264,064 -11.49%** growth in sales v. budget
+2.54% growth in sales over 2018

FY2018 +\$141,031 +7.64% growth in sales v. budget
+13.77% growth in sales over 2017

Service Station Update

Actuals Verses Prior FY/YTD Reporting Period:

Gasoline Sales **-1.30%**

Gallons **-5.78%**

Price/Gallon **-3.75%**

Repair Sales +52.55%

Transaction Count and Basket Size

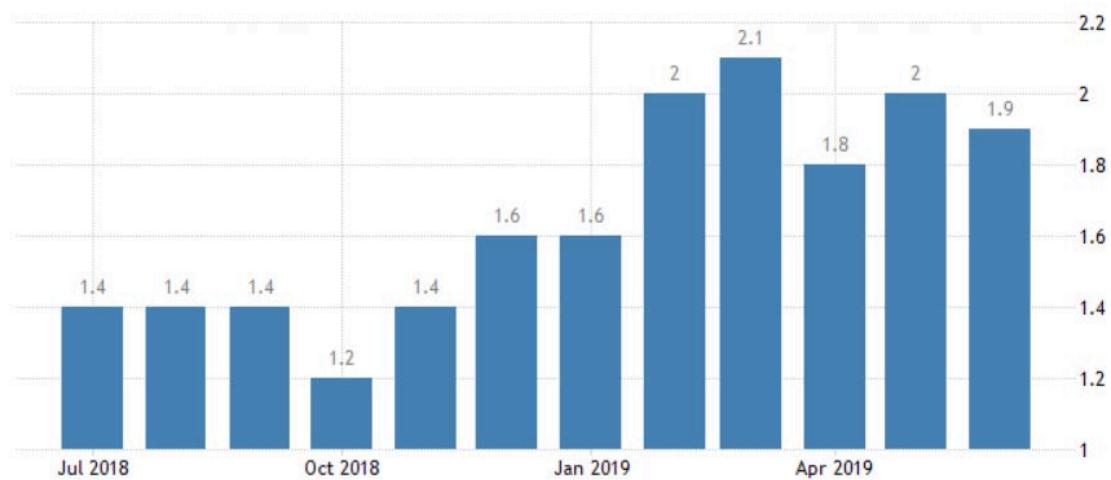
For June, year-to-date consolidated transaction counts for the food stores were down 4,591 versus the same period in 2018. Basket size was higher by \$1.64, for an average of \$39.31.

The Hanover, Lebanon, and CCM locations are experiencing a decline in the number of transaction, 2,789, 5,366, and 2,947 respectively. The White River Junction location is experiencing an increase in transactions of 6,511.

Basket size in each location has increased over the same period last year. However, Lebanon's basket size is up \$2.28, for an average basket size of \$47.74. Hanover's basket size is up \$1.94, for an average basket size of \$45.71. White River Junction's basket size is up \$0.97, for an average of \$30.20. CCM's basket size is up \$0.32, for an average of \$11.46.

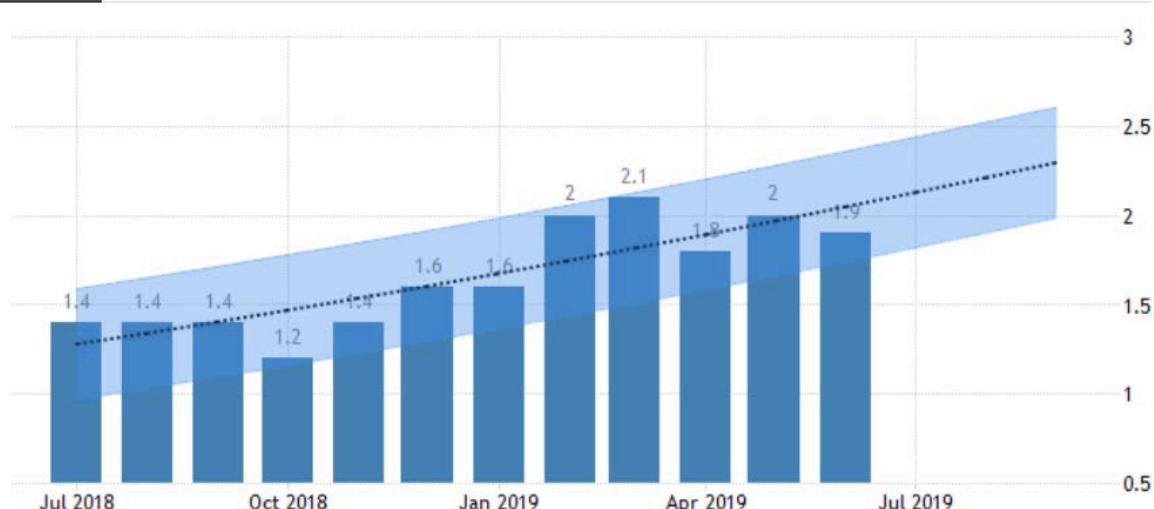
U.S. Food Inflation

[Historical](#) [Data](#) [API](#)



Cost of food in the United States increased 1.90 percent in June of 2019 over the same month in the previous year. Food Inflation in the United States averaged 3.40 percent from 1914 until 2019, reaching an all time high of 36.70 percent in May of 1917 and a record low of -34.30 percent in June of 1921. Source: [tradingeconomics.com](#).

[Forecast](#) [Data](#) [API](#)



SOURCE: TRADINGECONOMICS.COM | U.S. BUREAU OF LABOR STATISTICS

Food Inflation in the United States is expected to be 1.90 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 1.80 in 12 months time. In the long-term, the United States Food Inflation is projected to trend around 2.10 percent in 2020, according to our econometric models. Source: [tradingeconomics.com](#).

STORE OVERVIEWS

ECRS

Build Database Integrity for Remaining Vendors: We have completed building our database for the Produce department. This was a significant project, accomplished by long hours of work and a committed team.

100% of Vendors on Perpetual Inventory: As of July 1st, we have 352 vendors on perpetual inventory, representing over 90 percent of the total number of vendors we work with. The remaining vendors are active only on a seasonal basis or they sell us product that will not be maintained through perpetual inventory. We are proud of the work we have accomplished here and excited to be moving forward.

12 Vendors on Demand Fill: We now have eleven vendors set up for Demand Fill auto order and three additional vendors to set up in order to meet our goals. Of these remaining three, two of them represent a significant portion of our sales. We expect that implementation of auto order for these vendors will have a positive impact on labor and inventory on-hand.

Lebanon Store Update

For the month of July, the Lebanon store will be focusing on sales increases, HR practices, employee engagement, and ECRS enhancements through the following processes:

- Cross-training employees in different departments and teams.
- Refocusing on Pathways going into the slower summer months.
- Department leadership evaluations.
- Preparation for Inventory as well as 4th of July selling, with emphasis on ordering what is needed to support sales and not reduction of inventory.
- Completion of comp pool raises with the exception of employees that have not cycled a year in position.
- Continued focus on ECRS Perpetual Inventory and Demand Fill processes.
- Changeover for summer selling.
- Meeting with RVC to add more product to their kids program.

Hanover Store Update

The Hanover Store continues to spend a lot of energy with Catapult. Time frames for implementation are pushing our ability to staff ahead with appropriate training for staff. We are working closely as a store team to help each other with this challenge.

Staffing shortages remains a big issue for the store as summer vacations further impact schedules. We are working with Human Resources to think of ways that will make our jobs stand out from other companies.

We are monitoring sales that are falling below budget and discussing ideas that would impact the numbers. We are slightly higher than last year, and remain ahead of budget year to date.

White River Store Update

The first week of July we start right off with a major holiday on the fourth. There is a big push to display anything that feels like summer.

The store will remain busy later as the extended daylight shifts customer's shopping patterns.

We see many new faces during the summer travel months as the ‘snowbirds’ have returned and people who own summer homes in Quechee and Woodstock visit.

Local produce is ramping up. Business has been brisk even since the reopening of Stern’s produce, which sits behind our location.

Downtown White River Junction continues to develop with more housing projects being proposed.

We continue to press on with the new Catapult system, awaiting next steps. Auto ordering is in place for several vendors, which staff have been testing out.

Summer vacation time will be in full swing for current staff, which can be stressful for everyone. We continue to look for qualified staff to join Food Service and the Front End teams.

Community Market Update

July is a bit of a slower month for CCM, so we're looking to complete a few mini projects in the store.

Our kitchen is continuing to work with Merchandising to complete preliminary menus and recipes for Seafood Fridays. We're hoping to have things finalized and ready to go in August.

We will be meeting with Merchandising to do some more research and development for our Frozen Treat Friday. We will be working on more recipes and will talk about expanding our offerings to milkshakes.

We have finalized the list of new to us items we want to bring in to our freezer section, so we should be able to order those and complete our reset in that department.

Co-op Kitchen Update

Everyone talks about the lazy days of summer. I'd like to know just which days they are; I'm not seeing them on my Outlook calendar. Just as the temperature is heating up outside (finally!), we are ramping up production in the Kitchen. Hundreds of green salads are being delivered daily, dozens of single-serve cookies are now available in all of our locations, and we won't even mention the potato, macaroni, pasta and chicken salads ... these days are everything BUT lazy.

We are happy to announce that John Hathorn has been promoted to Production Supervisor. His experience as our Co-op To Go team leader has provided him with ample opportunities to work closely with all departments in the Kitchen, as it takes our entire team to fill orders. Our continued growth in the area is built on his hours and hours of labor creating beautiful platters. Patty Dyer has excitedly accepted the position as our new Co-op To Go team leader; she has worked closely with John for the last two years. A seamless transition!

Not all of our activities occur within our four walls. Joi has attended a Hazard Analysis and Critical Control Points training sponsored by the UVM Extension Service. This food-safety training is another step on the path to strengthening our food-safety plan at the Co-op. Jill Dorman has graduated from the Upper Valley Leadership Program and continues to provide us with ideas for supporting Food Insecurity initiatives in our communities. The entire team will be assisting in preparing foods for donation to the Prouty, Point to Point, and a benefit bake sale for HCCF at an upcoming Nighthawks game.

Bruce, Samantha and Joi are working together on the processes we currently follow as we produce foods for sale at the Co-op. The entire production team has begun participation in a Product Process exercise. We are documenting every

recipe followed—every minute of bake time and hour of preparation needed to send items out the door. This is helping us to identify areas where we can work more efficiently.

Lazy days? Not here!

Service Station Update

In both locations over the next month we are working on maximizing the billable percentage of our technicians.

We are setting up a training program for all employees through CTI—Carquest Technical Institute. This will continue to allow all of us to keep up with the ever-changing technology.

We are still looking to hire one Technician for our Norwich location.

We are planning to start bringing both facilities together for a monthly team meeting with all employees.

Merchandising Update

Our Merchandising and Inventory Control teams are working hard selecting products and preparing promotions and events for the second half of 2019, in addition to working on the final stages of launching perpetual inventory.

The final stages of Perpetual Inventory involve working with our Produce, Meat/Seafood, Prepared Foods, and Floral departments, as some additional effort is needed to make this initiative successful in these areas.

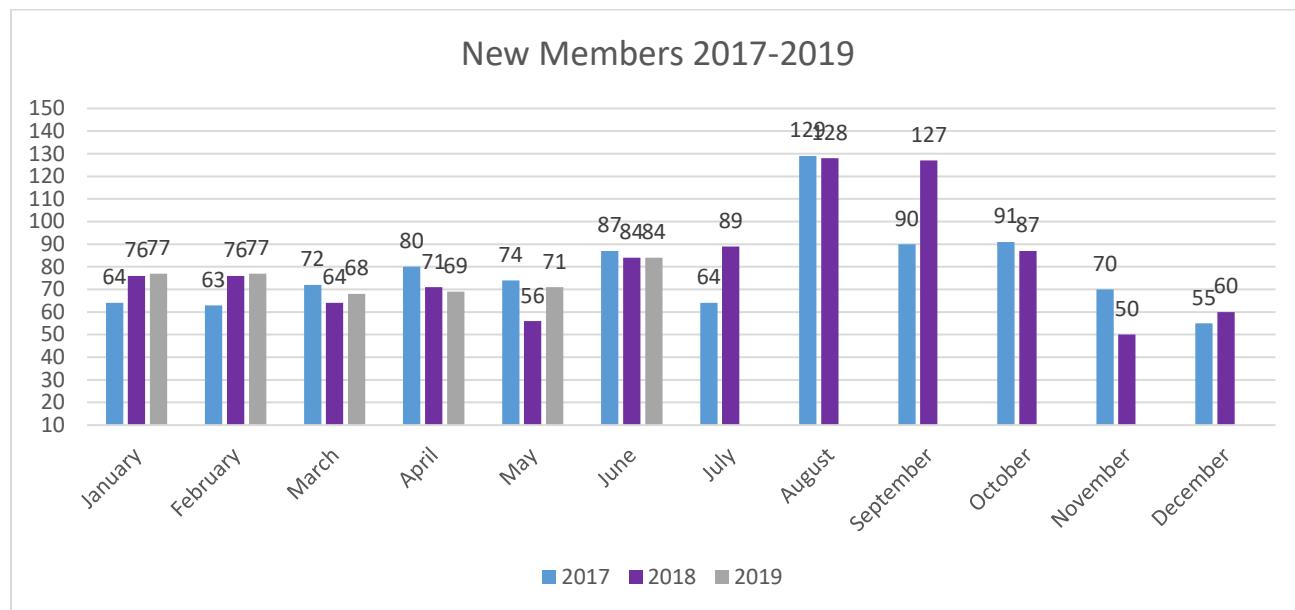
We have planned three vendor sampling events in our stores this summer, focused around the Memorial Day, 4th of July, and Labor Day holidays. Our second event was held on Saturday, June 29th, at the Lebanon location. The store was busy and sales were strong for the products being sampled by our vendors. Our third event will be held on Friday, August 23rd, at our White River location.

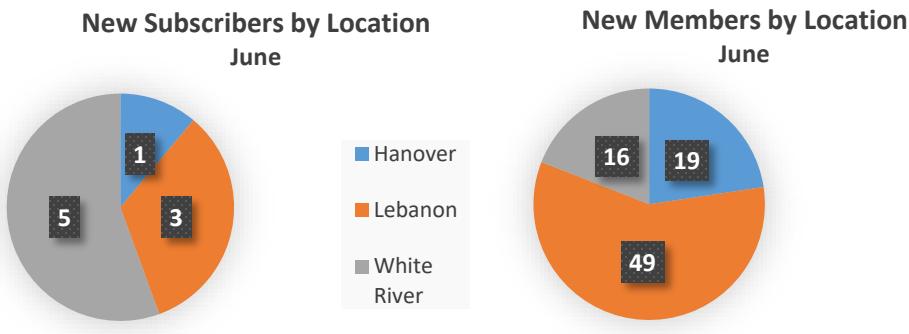
We are preparing for our annual Producer's Fair sampling event, to be held on Saturday, August 10th, at the Lebanon location. The event will host more than twenty of our producers from New Hampshire and Vermont. We will also offer entertainment and activities for kids and a live, local bluegrass band.

We are excited for the arrival of the local produce season. We are currently buying from twelve local growers and offering up to 50 varieties of fruit and vegetables.

MEMBERSHIP**2019 January-June**

	New Members	Cancellations	Net Change in Memberships	Cancellations from clean-up
January	77	15	62	
February	77	12	65	117
March	68	11	57	25
April	69	15	54	23
May	71	14	57	2
June	84	24	60	0
YTD	446	91	355	
<i>2018 YTD</i>	427	81	346	





PENNIES FOR CHANGE

Total Member Donations Since June 2016: \$743,841.69

Total Collected June 2019: \$19,061.02

Total Collected in 2019: \$102,142.28

June Food Access Recipients

Listen: \$3,812.20

Haven: \$3,812.20

Willing Hands: \$3,812.20

June Community Partners

SPARK! Community Center: \$5,718.31

UV Habitat for Humanity: \$1,906.10

HUMAN RESOURCES

GM Report for July 2019 – In accordance with the 2019 Business Plan

Compensation Plan:

June saw 1 new hire, 2 promotions and 47 merit raises across all locations, with Lebanon again topping the list at 29.

Business Continuity Plan:

The work continues on the BCP (Business Continuity Plan), focusing now on the rollout to all locations, the assigning of roles, and the associated training schedule for each location with the expectation to have the work completed by the end of next year. The training is scheduled to start on July 11th and continue as needed through September, 2019. Our consultant has created a roadmap for us to follow as we move through the phases of this project. It is included as part of this report:

HCCS BUSINESS CONTINUITY PROGRAM ROADMAP

	#	PHASE TITLE	ACTION	TIMEFRAME	
ORGANIZE	1	ASSIGNMENT OF TEAMS, PROGRAM LAUNCH, AND INTRODUCTORY BCM PROGRAM TEAM MEMBER TRAININGS	Establish BCM Program Steering Committee, BCP Manager, BCP Liaison, and Emergency Response Teams.	Jan-19	Sep-19
ANALYZE	2	BUSINESS IMPACT & RISK ANALYSIS	Gather and process critical impact and risk information across the organization.	Oct-19	Mar-20
STRATEGIZE	3	CONTROL STRATEGY DEVELOPMENT AND/OR IMPLEMENTATION	Select which risks / scenarios to protect from proactively and which require documented response, continuity and recovery procedures. Implement necessary control strategies or put them on the calendar for future implementation.	Mar-20	Jun-20
PLAN	4	DOCUMENT CRITICAL RESPONSE & RECOVERY PLANS	Document plans for response and recovery HCCS-wide, regardless of location. Includes emergency communication, emergency response, and damage assessment procedures for all locations.	Jun-20	As determined by the next Statement of Work (SOW)
EXERCISE	5	EXERCISE CRITICAL PLANS AND MOST LIKELY SCENARIOS	Exercise select business interruption scenarios at key / critical business locations and/or specific to key / critical business functions.	TBD	TBD

Recruiting:

With the local unemployment rate sitting at 2.2%, finding and keeping good employees is increasingly a challenge. To help with attracting applicants, we have reformatted our online job postings to reflect the function of the jobs we are looking to fill. This has resulted in an upswing in applications and we are happy to report that we are in full recruitment mode at this time.

To help us attract more applicants, particularly more qualified applicants, Amanda Charland has asked Erika Gavin and the marketing team to partner with HR to develop a strong employment brand and a broad-range recruitment strategy for the Co-op both in the short and long term.

Employee Survey:

The Employee Survey launched on Monday, July 8th. It will remain open until Friday, July 26th. This survey is a repeat of the one we used last year in association with Great Place to Work and will be carried out in the same manner with one log on for all employees. The results will be made available in August as part of the report on EL-5.

PUBLIC & GOVERNMENTAL AFFAIRS

I believe most busy people have back-burner projects and front-burner projects. Most often, the front burner projects consume nearly all time and resources, and frequently “land” on our front burners suddenly and as a “pot full of urgency.” I’ve learned that it is important to make time to review projects of seemingly lower priority to encourage progress and collaboration.

I believe it is worth sharing details of one such “low-level” project and how we are striving to make progress.

There is concern on the local agriculture horizon. So many of our small produce farms rely on [Integrated Pest Management](#) (IPM) to protect crops and improve yields. Unfortunately, a number of factors are leaving these growers with dwindling IPM options and no clear means of reversing that trend.

During a casual conversation with local farmer Pooh Sprague of Edgewater Farm in Plainfield, New Hampshire, he brought this matter to my attention. Despite my immediate interest in learning more, this project hit the back burner (actually, it was removed from the stovetop).

Following a very busy six months of 2019, I am forcing this and other work back to the front.

On Wednesday, July 10, I had a long conversation with Pooh to dig into the details and concerns he and other growers face. Using the information (bullets) from that discussion (some shown below), I am reaching out to Deb Grantham of New York’s Extension Service at Cornell University (New York’s Land Grant University). Though I have great esteem for the extension work at UNH and UVM, much of the IPM work in the Northeast is coordinated through Cornell and its larger resource base.

I look forward doing whatever I can to bring this matter to a simmer, then a rolling boil to help us provide answers to farmers like Anne and Pooh Sprague.

Here are some of the issues at hand.

1. Producers of biologics are increasingly dropping licensing of products. Reason appears to be due to cost/interest associated with small-scale use/sales.
2. Large scale business logic: Why should they go through the expense of keeping a license current with EPA on products that don’t amount to much in their corporate portfolio? The “demographic” is small IPM farmers is increasingly “off the radar” of large producers of IPM options.
3. Large corporations may consider it a lack of demand from berry growers due to small portion of market/demand compared to justification for crop research/support for soy, potatoes, and grains.
4. For the small farmer, this has become the era of diminishing choices. “We’re now going back to choices of the 1970s ...” according to Pooh.
5. There are live/biological options. Can Extension help determine efficacy? Limited farm resources require such clarity – even if that clarity can’t always be crystal clear.
6. Is there realistic hope for research funding on new and emerging materials? Small farmers seek a scientifically based means of divining which materials are having a positive impact, and can be considered *best* (or at least better) *practice*.
7. When an IPM farmer deals in biologics, issues of shelf-life and application are, of course, critical. How can researchers determine and share that information with small growers?
8. The [IPM Growers Guides](#) do “yeoman’s” work. More is needed beyond that resource.
9. Such information can help small farms of the Northeast – both organic and conventional farms – flourish.

Current state of affairs beyond reduction of “tools in the toolkit:”

- Small farmers are grasping at options that spill over from European practices and those that reach Quebec (adapted there). This is providing some – albeit limited – information and understanding of practices.
- Research sharing is still too informal.

- IPM promotes a different thought processes and intelligent solutions.
- There are many small growers on the “frontline” of IPM use, but knowledge sharing needs to be streamlined.

On the topic of nursery stock (propagation) of strawberries:

- Research and assistance on development of new breeds is critical.
 - There is a dwindling number of breeders. Some of the best may age-out soon.
 - There are dramatic differences in stock available in the market. Some breeders are coming up against anomalies that are proving hard to solve. This threatens farm production at all scales.
 - Quebec is a powerhouse in certain areas. Yet, there is still a growing problem of fewer growers, reduced stock, reduced genetics, and reduced innovations.
1. What is on the horizon?
 2. Can grants be worked to address some of these needs?
 3. Outside of grant-driven research, what else can be done to close gaps and take a 5 – 10-year approach to broad-based solutions?

IPM encourages better choices. Help is needed.

OUTREACH AND MEMBER SERVICES

Summer is busy with Outreach programs and events. Our popular Kids Camp programs are in full swing for the summer. Stop by the Lebanon store and you'll see the CLC bustling with kids exploring food and cooking techniques. We'll also continue to be out and about at events throughout the Upper Valley. Here are a few other highlights:

- Working with Point to Point to create a more sustainable event.
- Preparing for Kids Club activities at Producers Fair.
- Working with UVGEAR to set up voucher program and explore member engagement options.
- Supporting several events in the Upper Valley with donations.
- Marketing is collaborating with HR to develop and implement a strategy to promote employment.
- HCCF team preparing for Nighthawks fundraiser 7/27.
- Green team launched an internal project to engage employees in promoting reuse.
- New branded reusable bags should be in stores soon.
- Working on new fall Osher programs.
- Pennies program will change slightly for 2020 to create four 10 percent partners (vs one 30 percent and one 10 percent).
- Kids Camps are in full swing for the summer.
- New digital ads testing is underway.
- Working on final draft of the customer survey (to be shared once it's available).

GENERAL MANAGER

- Attended Hanover store huddle: June 3rd
- Attended Lebanon store manager's meeting: June 4th
- Participated in Co-op HR Training: June 5th
- Met with Clay Adams, Mascoma Savings Bank President, and Kyle Fisher, Listen Services ED: June 5th
- Attended Downtown Thrive Symposium for State of Vermont: June 5th
- Attended/Participated in NE regional Co-op GM meeting: June 10th
- Attended/Participated in Vermont Business Roundtable Annual meeting: June 15th
- Attended/Participated in Engagement Strategy Wrap Up: June 17th
- Attended/Participated in Local First Steering Committee meeting: June 19th
- Met with HCCS Board President: June 19th
- Attended Advocacy Training hosted by HCCS: June 20th
- Participated in NCG National GM Focus Group on "NCG's Future:" June 21th
- Attended/Participated in NH Co-op Business Leaders Council meeting: June 26th
- Attended/Participated HCCS Board of Director's meeting: June 26th
- Attended/Participated Listen Service Board of Director's meeting: June 27th
- Attended Headrest Annual Meeting: June 28th

APPENDIX B

EL 5 Committee Report

Submitted by: Victoria Fullerton
July 2019

Dear All,

Since our June BOD meeting agenda includes a review and formation of committees, I have given a lot of thought to the need for the Committee on Employee Satisfaction that I am the chairman of. In light of our work with the Governance Coach we can see now that the committee has indeed done its work and presented the findings including an explanation of how we could incorporate our findings into a GP going forward. Attached is the suggested GP amendment written by myself:

The EL-5 Employee Experience committee was commissioned to assist the Board in focusing in on the HCCS #6 End,

[HCCS End #6 - There will be a major source of employment in the community that provides personal satisfaction to employees, livable wages and financial security for employees and their family.]

[The employee experience is the cornerstone of member linkage, because the member's experience is based on personal interactions with the staff. Thus, Member Linkage is reliant on the employees being happy and well informed, as it is they who create the member's experience].

This committee was formed to look at how we found ourselves in the employee situation in 2014 that resulted in a 10% loss of sales and a damaged reputation, and how we could proactively through good governance prevent a repeat occurrence. The EL-5 Committee researched what enabled this situation to occur and came up with two suggestions. At its inception, the EL-5 Committee worked on changing the status of the HCCS from being an 'At Will' employer to one that will ensure that employees with a grievance get their 'due process'. This was made by a Co-op policy change. In this vein, HR Director Lori Hildbrand instituted new channels for employees with a grievance, including forming new EAPs, an 800 number and joining up with an agency called Work United accessible to all. These are independent, impartial and confidential sources to turn to when in doubt.

<http://www.graniteuw.org/our-work/granite-united-way-initiatives/working-bridges>

<https://mail.google.com/mail/u/0/#sent/QgrcJHsNkfMtGGrxBVxdSjXQVWmRnMfLFRQ?projector=1&messagePartId=0.1>

****Special Note to new Board members -**

To those members who have joined the board recently, ie. over the last two elections and may not remember this history, the EL-5 committee was formed after a conflict occurred between management and membership over employee conditions. The board stepped in as a result of how much damage occurred.

Below is essentially a succinct report of all the work that has been done. The final thing to do is vote on the GP - 3.4 - (If you feel you need more information you can reach out to me. I'm sending this in advance of tomorrow's meeting so that we don't have to use up much time, granted only the night before.)

Further to these findings, the Committee found that the addition of a companywide Ombudsperson position reporting to the board to be the most cost effective and productive option for preventing risk, as the best business practices currently used.

The Ombuds would serve two important roles.

[One], to let the employees know they have another alternative to reach out to when in doubt. It differs from the other options in that it cycles back into the company to solve the problem on the ground, rather than providing assistance solely for the client's edification. (Note: the low response rate to the employee survey in 2018 even after the steps put in place by HR noted above). However, this can also be attributed to a feeling among employees in general that survey's do not typically make change.

[Two], the board would have independent data when monitoring EL-5. This position of an Ombuds would generate information presented quarterly to the Board with statistical data meant to assist in monitoring EL-5.

A – The position of an Ombuds reporting to the Board, but working for the entire Co-op, would complete the picture of the work being done in HR for the Co-op to be better and more reliable as an employer.

B – The Board has a responsibility to be independent from management.

C – The Ombuds position would give the Board metrics in a statistical manner, so we know what is happening on the ground in the stores, and to compare to the statistics produced for the Board's by the HR department, who also uses an outside entity in this capacity that reports to management.

The essential role of the Board is oversight, and in this capacity the Board is independent from the Co-operative. Oversight is achieved for an amateur board by hiring expertise in areas which are essential to the Board in exercising their fiduciary responsibility. This includes the Board's ability to validate the information presented in important areas, such as finance and personnel. For this reason, I am suggesting a GP 3.4 written below:

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 3.3 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 Board's budget.*
- **GP 3.3.1.1. The board will create a position for a consultant Ombudsperson who works for the HCCS including all employees, but they would report directly to the board. For this reason, this position is in the company budget, rather than the board, as it is working for the Co-op. The Ombudsperson would provide metrics for use in the Board's validation of the information provided by the GM regarding the employee experience.**

APPENDIX C

Bylaws Committee Report

At the June 26, 2019 board meeting, the board established a Bylaws Committee. As chairperson, I have asked board and management personnel for their interest in serving on the committee and also for their thoughts and ideas regarding improvements that could be made to our bylaws.

To date the following people have expressed interest in being on the committee:

Benoit Roisin

Ed Fox

Amanda Charland

Lori Hildbrand

I am compiling a list of suggested improvements to be shared with the committee when we hold our first meeting.

I would like at least two more board members to participate in this committee.

Respectfully submitted,

Rosemary Fifield, Chair

APPENDIX D

2019 Board of Directors Calendar

Board Meetings

August 28	Board of Directors Meeting, 6:00 p.m., Co-op Resource Center, 224 Holiday Dr. White River Junction, VT
September 25	Board of Directors Meeting, 6:00 p.m., Co-op Resource Center, 224 Holiday Dr. White River Junction, VT
October 23	Board of Directors Meeting, 6:00 p.m., Co-op Resource Center, 224 Holiday Dr. White River Junction, VT
November 20	Board of Directors Meeting, 6:00 p.m., Co-op Resource Center, 224 Holiday Dr. White River Junction, VT
December 18	Board of Directors Meeting, 6:00 p.m., Co-op Resource Center, 224 Holiday Dr. White River Junction, VT

Important Dates

July 27	HCCF/Upper Valley Nighthawks - 80s night event at Maxfield Sports Complex, Hartford, VT Pre-game concert: 5:00 p.m. Game: 6:00 p.m.
August 10	Co-op Producer's Fair – Board Table at Lebanon Store, 10 a.m. – 2 p.m.