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AGENDA

Board of Directors Meeting
 September 26, 2018
 6:00 p.m., Hanover Board Room, Hanover Store

Time	Agenda Topic
5:15	Dinner
6:00	Consent Agenda August 22, 2018 Minutes (App A) p.32 Monthly Share Redemptions p.7
6:10	Update & Monitoring General Manager Report p.9 EL 7 – Communication & Counsel to the Board p.25 B-GM 2 – Accountability of the GM (survey) (App B) p.39 B-GM 3 – Delegation to the GM (survey) (App B) p.39
7:00	Member Comments
7:10	Committee Updates Election Committee update Governance Committee update HCCF Committee Report (App C) p.40
7:30	New Business/Action Items Proposed Correspondence Protocol (Tom) (App D) p.43 CDS Proposal (App E) p.44 Reminder: Nov. 3 rd Diversity Workshop & Oct. 17 th Community Dinner Proposed Revision to B-GM 4 (Benoit)(App F) p.46

8:00

Executive Session

Board Responsibility (Jeff Zellers)

8:20

Adjournment

2018 BOARD MEETING CALENDAR

September 26	Board of Directors Meeting, 6:00 p.m., Hanover Board Room
October 24	Board of Directors Meeting, 6:00 p.m., Hanover Board Room
November 24	Board of Directors Meeting, 6:00 p.m., Hanover Board Room
December 19	Board of Directors Meeting, 6:00 p.m., Hanover Board Room

BOARD of DIRECTORS ANNUAL CALENDAR

January	Board	Annual Meeting Planning Details of Annual Meeting approved.
	Election Committee	Final call for Board candidates
	Outreach & Member Services	Call for nominees for King Award on website and social media and in stores
February	Election Committee	Finalize slate of Board Candidates Candidate statements and photos to Member Services Director for inclusion in Election Mailing and online voting website
	Board	Approve Auditor's Report at meeting Approve Patronage Refund Choose recipient of King Award Designate recipients of HCCF Funds Finalize wording of ballot materials to be mailed and posted online
	Board Administrator	Deadline for King Award Nominations (include in Board packet)
	Outreach & Member Services	Publish 30-day warning of voting, if applicable, through Election Mailing and website notice
March	Board President or designee Board Treasurer or CFO	Board Annual Review of Year (Annual Report) Treasurer's Report (Annual Report)
	Outreach & Member Services	Publish 10-day warning of voting, if applicable, through Election Mailing and website notice; Publish Annual Report in time for Annual Meeting
March -April	Board	Open voting period
April	Board	Annual Meeting within voting period
April - May	Board	Close voting period
	Election Committee	Count ballots Schedule new Board member orientation before May meeting
	Outreach & Member Services	Announce new Board members
May	Board	New Board members attend meeting Elect officers

		Choose Election Committee Chair, suggest committee members
	Accounting	Distribute Patronage Refund
	Outreach & Member Services	Begin drive for contribution of Patronage Refund to HCCF
June	Board / Bylaws Committee	Begin work on proposed bylaw changes (if any)
July	Election Committee	Convene Election Committee
August	Election Committee	Review & edit Board Candidate Information Packet
September	Election Committee	Solicit Board input for potential nominees; contact individuals re: interest
	Outreach & Member Services	Call for Board nominees on website and social media and on posters in stores
October	Election Committee	Invite potential candidates to attend Board meeting Choose date for Annual meeting and Voting Period
November	Board	Assign Annual Meeting Planning duties
	Election Committee	Invite potential candidates to attend Board meeting
	Outreach & Member Services	Second call for Board nominees on website and social media and on posters in stores
December	Election Committee	Invite potential candidates to attend Board meeting

SHARE REDEMPTION REQUESTS

September, 2018

For the period ending September 17th, 2018, 23 members have requested redemption of shares. This includes 277 A shares and 13 B shares held directly by the members, and \$18.25 in A share and \$13.16 in B share extra held by the Co-op on account. The total cost of redemption is \$1,481.41. 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 September 17th, 2018, 7 members have requested share transfers. This includes 174 A shares held directly by the members and \$6.83 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 September 17th, 2018, 64 members have asked to exchange his/her old B share class for the new B share class. This includes 512 B shares held directly by the members and \$157.82 in B share extra held by the Co-op on account.

To date ending September 17th, 2018, 1,086 members have asked to exchange his/her old B share class for the new B share class. This includes 8,742 B shares held directly by the members and \$2,518.33. in B share extra held by the Co-op on account. This represents approximately 12.7% of originally issued B Shares.

Redemption of these shares (\$1,481.41 in total) will not adversely affect the cash position or cash flow of the Co-op at this time.

Respectfully,

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

MONTHLY CO-OP SHARE REDEMPTION REQUEST

Reasons for redemption

	Jan	Feb	March	April	May	June	July	Aug	Sept	Oct	Nov	Dec	YTD	%
Moving	4	7	6	4	12	30	19	8	20				110	79%
Moved-Clean Up													0	0%
Deceased- Clean Up	2	3	2	2	2			1	2				14	10%
Tired Of Coop B/S													0	0%
Clean-Up													0	0%
None provided	1			1	1	2		1					6	4%
Wants Cash													0	0%
Had two accounts													0	0%
Don't use account		1	1										2	1%
Nursing Home													0	0%
Selling down to 10 shares	1	2	1				2		1				7	5%
Total	8	13	10	7	15	32	21	10	23	0	0	0	139	100%

A Share Transfer	Carryover	Jan	Feb	March	April	May	June	July	Aug	Sept	Oct	Nov	Dec	YTD	%
Re-issuing in different name														0	0%
Transferring to new account					2		2	1						0	0%
Transfer to different account		3	3		2	9	2	1						11	19%
Name change		11	9	2	5		2	2	4	3				47	81%
Change Spelling of name														0	0%
Total		14	12	2	7	9	4	3	4	3	0	0	0	58	100%
Exchange B shares	890	23	23	13	13	9	7	6	38	64				1,086	

GM MONTHLY UPDATE

Communication and Counsel to the Board

Submitted by: Edward Fox September 19, 2018

Co-op Board Meeting: September 26, 2018

Reporting Period: YTD August 2018

No action is required in this report.

OVERVIEW

Recently, HR Director Lori Hildbrand spoke to employees throughout the organization about the results of the 2018 employee satisfaction survey. The meetings were well-attended, the questions were great, and the feedback was often quite inspiring.

As I wrote in a follow-up *GM Report* to employees, one of the most significant results of the survey was this: People who work at the Co-op feel they are treated fairly regardless of their race, gender, sexual orientation, and/or age. It was a timely message, given that inclusivity and diversity is now the foundation of a new Co-op Ends statement, approved by the Board this past summer. Things aren't always going to be easy in any workplace, but people should always feel comfortable, welcome, and respected. Nothing is more important.

The Role of Communication

It seems simple enough, but communication, I believe, is vital to this process. It's the foundation that mutual respect is built upon. No one feels valued if they don't feel informed. And anytime people keep communication and information to themselves, hoarding it like stacks of old boxes, a dynamic of *the other* is created. The message is this: We're on one side, you're on the other. We'll communicate if and when we have to, but not by choice or by design.

This is counterproductive, of course, and antithetical to creating effective teams, businesses, partnerships, and relationships. Lori stated this very wisely and clearly in a message to the Board recently. In a nutshell, she said that trust can only be achieved by keeping our word, being transparent, and communicating often, even over communicating if necessary. I agree with this, which is why my teams and I communicate with you, our Board colleagues, often.

I'm proud of the fact that at our Co-op, employees, managers, and directors all function as a dynamic network of teams, constantly working to counsel and communicate with one another. There are missteps, of course, but adversarial relationships are rooted in a lack of communication, and

this is what we seek to avoid. Encouraging communication is the key to creating effective cooperative partnerships, and I believe we're doing that.

As you look through the functional reporting below, I encourage you to see this document as a communication tool, designed to foster further discussion. The reporting below not only includes challenges and opportunities throughout our organization, but also how our work is led by the vision of a business working to build well-nourished communities, cultivated through cooperation.

Questions or feedback? Contact me anytime. My door is always open. And as always, my thanks to our management team and location managers for contributing to the following reports and updates.

—Ed Fox

STATUS UPDATE

Through the first half of the fiscal year, actual sales continue to remain greater than the forecasted budget. This is true across all locations:

Food Stores

FY2018: +\$895,447 +2.03% growth in sales v. budget, +2.43% growth in sales over 2017

FY2017: **-\$816,378 -1.82%** growth in sales v. budget, +0.58% growth in sales over 2016

Service Center

FY2018: +\$294,778 +12.17% growth in sales v. budget, +19.32% growth in sales over 2017

FY2017: **-\$117,367 -4.90%** growth in sales v. budget, **-0.27%** growth in sales over 2016

Projected/budgeted loss for January-August FY2018: **-\$264,000**. Actual: **-\$143,000**.

ECRS/Catapult continues to be phased in on schedule. We are also on track for the rollout of perpetual inventory, scheduled for later in the year.

Staffing is still an issue throughout the organization. However, thanks to the creative recruitment efforts from our HR teams, we have filled many positions in our most critical areas. Look for more detail below, and learn more about our Pathways program and work with other cooperatives.

Finally, the Co-op Learning Center (CLC) is gearing up for fall, offering popular classes for children, teens, and adults. As always, we'd love for you to participate. For dates and times, please visit us online at <http://coopfoodstore.coop/classes>.

SALES TRENDS

Month Ending	Location	YTD Sales	YTD Budget	YTD % Variance	YTD Variance	Gross Margin Impact	2018 YTD Transactions	2017 YTD Transactions	Change prior year	% Change prior year	2018 YTD Avg Basket	2017 YTD Avg Basket	Change prior year	% Change prior year
8/25/18	Consolidated Stores	\$45,049,581	\$44,043,187	2.29%	\$1,006,394	\$320,989	1,192,455	1,192,701	(246)	-0.02%	\$37.83	\$36.79	\$1.04	2.83%
	Hanover	\$15,710,167	\$15,488,909	1.43%	\$221,258	\$71,378	355,982	363,887	(7,905)	-2.17%	\$44.13	\$42.58	\$1.55	3.64%
	Lebanon	\$20,286,204	\$20,081,670	1.02%	\$204,534	\$66,474	444,540	445,978	(1,438)	-0.32%	\$45.63	\$44.82	\$0.81	1.81%
	CCM	\$1,450,171	\$1,445,347	0.33%	\$4,824	\$1,710	130,759	129,508	1,251	0.97%	\$11.09	\$10.68	\$0.41	3.84%
	WRJ	\$7,603,039	\$7,027,261	8.19%	\$575,778	\$181,428	261,174	253,328	7,846	3.10%	\$29.11	\$27.78	\$1.33	4.79%
8/25/18	Park Street	\$2,715,300	\$2,421,203	12.15%	\$294,097	\$19,809								
	Gas	\$2,208,882	\$1,929,500	14.48%	\$279,382	\$10,980								
	Gallons Pumped	784,710												
	Average Price	\$2.81												
	Labor	\$232,317												
	Parts	\$274,101												
	Total repairs	\$506,418	\$491,703	2.99%	\$14,715	\$8,829								
	Stores & Park Street	\$47,764,881	\$46,464,390	2.80%	\$1,300,491	\$340,797								

Week Ending	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
8/25/18															
Bakery	\$2,164,058	\$2,158,628	\$5,429	\$743,538	\$752,825	(\$9,287)	\$945,119	\$947,489	(\$2,370)	\$60,333	\$65,947	(\$5,614)	\$415,067	\$392,367	\$22,700
Beer	\$1,318,173	\$1,190,420	\$127,753	\$326,487	\$312,650	\$13,837	\$463,983	\$439,801	\$24,182	\$80,381	\$80,245	\$136	\$447,321	\$357,724	\$89,597
Beverage	\$1,273,178	\$1,206,870	\$66,307	\$395,373	\$377,500	\$17,873	\$514,974	\$492,310	\$22,664	\$102,081	\$99,392	\$2,689	\$260,749	\$237,668	\$23,081
Bin Bulk	\$2,254,280	\$2,286,317	(\$32,037)	\$835,691	\$833,800	\$1,891	\$1,166,074	\$1,205,808	(\$39,734)	\$45,498	\$56,549	(\$11,051)	\$207,017	\$190,160	\$16,857
Cheese	\$1,186,329	\$1,200,356	(\$14,027)	\$476,824	\$498,950	(\$22,126)	\$572,171	\$570,065	\$2,106	\$15,254	\$16,366	(\$1,112)	\$122,080	\$114,975	\$7,105
Dairy	\$4,493,606	\$4,451,265	\$42,341	\$1,597,473	\$1,594,100	\$3,373	\$1,891,482	\$1,891,244	\$238	\$136,735	\$141,181	(\$4,446)	\$867,916	\$824,740	\$43,176
Deli	\$965,367	\$973,298	(\$7,930)	\$311,828	\$308,160	\$3,668	\$431,942	\$449,120	(\$17,178)	\$14,449	\$16,718	(\$2,269)	\$207,149	\$199,300	\$7,849
Floral	\$933,042	\$936,318	(\$3,275)	\$381,598	\$386,200	(\$4,602)	\$450,120	\$447,395	\$2,726	\$12,135	\$15,556	(\$3,421)	\$89,190	\$87,167	\$2,023
Frozen	\$1,902,527	\$1,837,556	\$64,971	\$625,636	\$612,200	\$13,436	\$783,194	\$759,625	\$23,569	\$64,475	\$65,261	(\$786)	\$429,221	\$400,470	\$28,751
Grocery	\$9,581,866	\$9,337,866	\$244,000	\$3,001,759	\$2,910,600	\$91,159	\$4,487,462	\$4,429,292	\$58,171	\$234,533	\$234,449	\$84	\$1,858,111	\$1,763,525	\$94,586
HABA	\$1,420,325	\$1,392,361	\$27,964	\$547,331	\$534,100	\$13,231	\$756,615	\$761,306	(\$4,691)	\$6,809	\$6,399	\$410	\$109,570	\$90,556	\$19,014
Kitchenware	\$199,479	\$166,474	\$33,005	\$100,760	\$74,900	\$25,860	\$74,144	\$76,854	(\$2,710)	\$3,685	\$1,700	\$1,985	\$20,890	\$13,020	\$7,870
Meat	\$3,640,795	\$3,700,045	(\$59,250)	\$1,237,899	\$1,278,805	(\$40,906)	\$1,634,939	\$1,686,608	(\$51,669)	\$42,921	\$48,348	(\$5,427)	\$725,036	\$686,284	\$38,752
PFD	\$3,215,329	\$3,099,865	\$115,464	\$924,768	\$914,100	\$10,668	\$1,429,787	\$1,401,178	\$28,610	\$420,542	\$381,800	\$38,742	\$440,231	\$402,787	\$37,444
Produce	\$6,990,651	\$6,695,748	\$294,903	\$2,871,850	\$2,762,625	\$109,225	\$3,111,669	\$3,006,463	\$105,206	\$106,168	\$114,215	(\$8,047)	\$900,963	\$812,445	\$88,518
Seafood	\$1,339,110	\$1,355,003	(\$15,893)	\$525,442	\$542,494	(\$17,052)	\$643,935	\$655,500	(\$11,564)	\$3,312	\$3,109	\$203	\$166,420	\$153,900	\$12,520
Sushi	\$594,899	\$582,332	\$12,567	\$152,749	\$153,600	(\$851)	\$360,993	\$362,578	(\$1,585)	\$32,720	\$22,929	\$9,791	\$48,436	\$43,225	\$5,211
Wine	\$1,441,750	\$1,472,468	(\$30,718)	\$611,203	\$641,300	(\$30,097)	\$489,225	\$499,037	(\$9,811)	\$65,588	\$75,183	(\$9,595)	\$275,733	\$256,948	\$18,785
TOTAL	\$44,914,764	\$44,043,190	\$871,574	\$15,668,212	\$15,488,909	\$179,303	\$20,207,831	\$20,081,673	\$126,158	\$1,447,620	\$1,445,347	\$2,273	\$7,591,101	\$7,027,261	\$563,840

Data Through August 2018	Consolidated					Service Center	Gas		Repairs
	Food Stores	Hanover	Lebanon	CCM	WRJ				
Actual Sales: % Change Current Month to 12 Months ago	2.26%	2.17%	0.85%	0.12%	6.38%	27.76%	28.45%	24.63%	
Actual Sales: % Change YTD through Current Month to YTD 12 Months ago	2.44%	1.27%	1.21%	4.70%	7.92%	19.32%	17.39%	28.54%	
Actual YTD Sales	\$45,005,190	\$15,689,267	\$20,228,900	\$1,447,860	\$7,595,596	\$2,715,981	\$2,208,881	\$507,100	
Actual YTD Budgeted Sales	\$44,109,743	\$15,498,850	\$20,094,831	\$1,431,360	\$7,037,202	\$2,421,203	\$1,929,500	\$491,703	
Actual Variance in sales	\$895,447	\$190,417	\$134,069	\$16,500	\$558,394	\$294,778	\$279,381	\$15,397	
Potential Margin Impact	\$292,811	\$62,266	\$44,243	\$5,539	\$173,661	\$27,706	\$18,160	\$9,546	

INFORMATION TECHNOLOGY AND FINANCE

FY 2018 is off to a good start through August. At all locations, sales for the month are higher than the same period in 2017. Year-to-date numbers for sales remain higher than last year and ahead of budget. While we have made it through most of the historically lean months, we still need to remain diligent on expenses and capital projects for the remainder of the year.

Transaction Count and Basket Size

For August, year-to-date consolidated transaction count for the food stores was down 246 versus the same period in 2017. Basket size was higher by \$1.04, for an average of \$37.83.

All stores are experiencing a decline in the number of transaction with the exception of White River Junction and the Co-op Market. However, numbers are consistently trending up in all locations. By the end of Q3, we project to be 3 percent over 2017 actuals.

Basket size in each location has increased over the same period last year. Hanover bears the brunt of the transaction-count decline, down 7,905 from the same period last year. However, Hanover's basket size is up \$1.55, for an average basket size of \$44.13. White River Junction's customer count is up 7,846 and its basket size is up \$1.33, for an average of \$29.11.

ECRS Update

Through August, the ECRS steering committee has continued refining the project plan to implement perpetual inventory and auto ordering. This plan also includes enlisting assistance from ECRS in systematically moving us forward on perpetual inventory. These weekly meetings monitor our progress toward the completed implementation of perpetual inventory. While progress is being made, the large volume of products that need to be adjusted continues to move the project at a measured pace. These meetings will continue with ECRS until this project has been completed.

Various statistics are monitored to gauge our progress toward a complete system implementation of perpetual inventory for Operations. The final phase of the perpetual inventory project is to convert our Accounting records to perpetual inventory—accounting for and valuing the inventory. This is projected for the first quarter of 2019. We will discuss converting our Accounting records with our new auditors, in anticipation of the 2019 annual audit. As expected with a systems transition of this size, complexity and magnitude, there have been some glitches. However, the teams from the stores and Buck Road have done an amazing job of remaining focused and working through the challenges

Office Space Update

The lease for the Buck Road offices is currently month-to-month. The current owners of the complex have chosen to enter into a purchase and sale agreement with a local real estate investment firm, in order to sell the property. This prospective landlord is looking to extend a lease to the Co-op for a longer term. We are currently awaiting a lease proposal.

2019 Budget Process

We have started the process of building our workforce plan, expenses, projected sales, and capital expenditures.

STORE OVERVIEW

Lebanon Store Update

The Lebanon store renovation project continues to move forward. The project team has done an amazing job of coordinating the various facets of such a complex, multifaceted project.

In the process, we have discovered a need to upgrade or replace several significant pieces of equipment. We're working with contractors now to see what that entails and the associated costs. To keep this in perspective, note that the Lebanon store has had no significant equipment upgrades since the Co-op opened the store more than 20 years ago, in the fall of 1997. Recommended equipment upgrades should take place in seven-year cycles, 10 at most. We've pushed our equipment far beyond its recommended lifespan.

Moving forward, in order to make best investments for the future, we're thinking in terms of long-term solutions. As a result, we're taking a new look at phasing and scheduling out the balance of the project. In general, the project team is very satisfied with the overall layout and teams have all the information they need for necessary upgrades and requirements.

Finally, Lebanon store teams are working to build sales and a stronger team environment, further ECRS, and prepare for final fall selling. What follows is a list of specific projects.

- Prepare Area 51 for fall changeover
- Push cross-training between teams
- Launch perpetual inventory in certain areas of Grocery
- Labor Day selling
- Continue employee appreciation days third week of each month
- Finalize 2019 Workforce plan

- Budget for 2019
- Await arrival of new wine chiller, based on multiple customer requests
- Request additional handicap electric cart

Hanover Store Update

Dartmouth College has long been intertwined with the Hanover Consumer Cooperative Society. This fall, college start-up is as typical as most years. We try to step back and look at each year through a fresh view. The Freshman Outing Club trips are a tradition here at the Co-op, with final pick-ups and billing for the event in September. It's always fresh, fun, and interesting watching parents and their new Dartmouth daughter or son visit the Co-op for the first time. Most are pretty impressed with the store and many seek out membership as "the thing to do." A Cheese staff member, Ken, recently had an interesting exchange with the father of a new Dartmouth student. The student's family is the largest importer of Italian olives to the U.S. The family's olives and other products were on our Co-op shelves!

What follows is a list of other projects in the Hanover store.

- Work has begun on the installation of a new freezer to replace our current freezer. As a cost-saving measure we will be reusing some of the mechanics replaced during the 2015 remodel, which upgraded to our new rack system. The downside to this is we will have to have 2-3 days of down time for both units while we move the equipment.
- Labor Day has slightly elevated sales with a focus on a planned Flash Sale of baby back ribs. Weather looks good so holiday cooking plans should work out for shoppers and members.
- The Hanover store will undergo some transitions during the month of September. Center of Store, Grocery, Bulk, and HABA will be led by the new Manager, Josh Watson. Replacing Josh Watson will be Evan Riel as Supervisor for Beer, Wine, and Beverage. Produce and Floral will be welcoming a new Manager, Don Stapelfeld, in September.
- The Deli, Meat, and Seafood departments are still not at full employment levels.
- Hanover High School will be starting up, which is great for the Prepared Foods department. However, it will impact the staff heavily due to unfilled positions.

White River Store Update

During September, shoppers will notice a transition from summer selling items to items with a cooler weather theme. For example, Fall Asters and Mums will be displayed for sale by the front windows.

- The parking lot will fill up quickly with parents dropping off and picking up their children in the morning and afternoon, as it is back-to-school time for students and teachers in Hartford.
- The WRJ Co-op will sponsor a breakfast table at the Alzheimer's Walk event on Sunday, September 23, at the Hartford Municipal building. Two staff members will operate the table and provide healthy to-go snacks, as other employees and their families join the Vermont Chapter of Walk for Alzheimer's Awareness.
- The last two weeks we will begin preparing for our 3rd quarter PICS inventory.
- We continue to recruit qualified staff to join our Prepared Foods/Deli department.

Community Market Update

Moving into the fall season, the Market is seeing an increase in the number of customers coming into the store, which means that school has started once again. We are very happy to see the returning teachers and students.

- We are looking forward to changing out our sandwich menu. The sandwich shop is working hard to come up with some new recipes for sandwiches to try. We are hoping to have the menu changed out by the end of the month.
- We are almost set to order our new kitchenware items and have been working to find space for them in the store.
- Fall and Halloween products have started making their way into the store and we hope to have some of those items on the floor by the end of the first week of September.
- We are continuing to work with the Merchandising team to find a mix of products that works well for our store and our customers.

Co-op Kitchen Update

The enthusiasm in the Kitchen feels very similar to the exciting days leading up to a new school year. New staff is settling in, new routines are planned, and new recipes are in the works. The entire team has been working on planning for change and learning to embrace it.

- Chris Blackburn, our new Production Supervisor, is taking over the daily tasks required to manage the Kitchen. With his supervision, an aggressive approach to cross-training is underway.

- The Co-op Kitchen was represented at the Point to Point event at Ascutney Trails on August 11. Many, many samples were handed out to hungry participants and friends. The chocolate chip scones (coming to a Co-op near you very soon!) and Southwestern Bean and Orange Quinoa salads were well-received. The overall favorite bite? Co-op Muffaletta. Have you tried it yet?
- We anticipate the remodeling of our tired Breakroom and Office to begin in the upcoming weeks. First impressions are important and a new look will go a long way in helping us to make that impression a great one.
- Better long-range planning has been a goal for 2018. A great example of our progress in this area is the planning it takes to have a successful Thanksgiving production run. We have pre-ordered those popular turkey drumsticks and have 150 gallons of fresh turkey stock in the freezer already. New items this year will include a whole roasted turkey and an individual dinner plate. We anticipate the plate to very popular with a variety of customers.
- Between 10 and 20 new items are being rolled out each month in our stores.

Service Station Update

Actuals Verses Prior FY/YTD Reporting Period:

- Gasoline Sales +14.48%
- Gallons – 1.39%
- Price/Gallon +19.48%
- Repair Sales +28.25%

The Service Center has been working very hard and continues to stretch the sales numbers over last year's figures. We pushed the budget limits this year and the team is still meeting the goals we set. We are still scheduling out an average of 2 weeks

- Next month we have 2 techs attending Falken Academy, where they will learn about how a tire is made, the compounds and ratings of different tires, and will be able to test the different brands.
- We will start getting ready for our Fluid film undercoating.
- We will be working on repairing our fuel containment around the fuel dispensers.

Merchandising Update

The Merchandising and Inventory Control departments are preparing events and promotions for the final quarter of the year, as well as working to refine our ECRS Catapult database to prepare for perpetual inventory in the coming months.

- We are currently tracking the success of a Dynamic Promotion and coupon offering a discount in our Bulk Foods department. This was developed using the tools offered in the Catapult system. So far, the return on coupon redemption is significantly higher than the industry standard.
- We are utilizing the reporting capabilities of Catapult to refine how we track and maintain the margins that our teams are responsible for.
- We are in the midst of operational and logistical planning for the annual Case Lot sale in October. We are also working with ECRS to identify system capabilities for operating the ordering and customer-transaction aspects of this event.
- This time of year, there is a lot of work to be done around holiday products and promotions. This includes Halloween, Thanksgiving, Christmas, various Jewish holidays, and even Valentine's Day!
- The Co-op Basics program continues to be successful for us. At the recent NCG Convergence event, attendees from our Co-op learned about upcoming and proposed expansions to this program, which will help us stay competitive with pricing.
- In the coming month, we will be performing a bi-annual price survey for our Grocery, Frozen, Dairy, Beverage, Beer, and Wine departments. This is to assure we have the right prices on key products during the busy fourth quarter of the year.
- We're working with 17 New Hampshire and Vermont growers, buying about 70 varieties of crops.

PENNIES FOR CHANGE

Total Member Donations Since June 2016: \$563,331.77

Total Collected August 2018: \$17,122.18

Total Collected YTD 2018: \$148,863.53

August Food Access Recipients

Listen: \$3,424.44

Haven: \$3,424.44

Willing Hands: \$3,424.44

August Community Partners

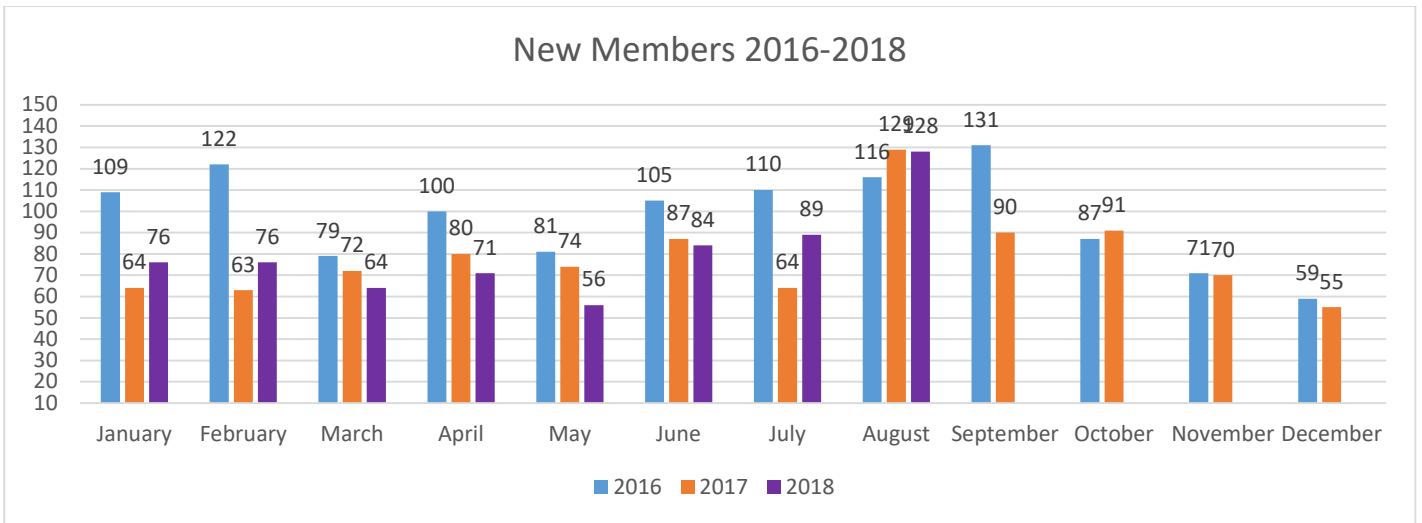
Grafton County Senior Citizens Council: \$5,136.65

Easterseals of VT/Veterans Court: \$1,712.22

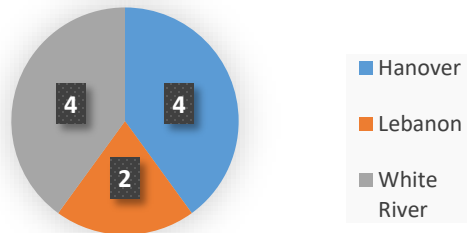
MEMBERSHIP

January—August, 2018

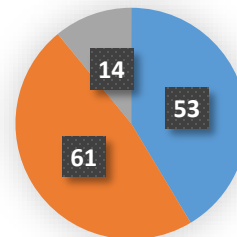
	<i>New Members</i>	<i>Cancellations</i>	<i>Net Change in Memberships</i>
January	76	7	69
February	76	11	65
March	64	9	55
April	71	7	64
May	56	15	41
June	84	32	52
July	89	19	70
August	128	10	118
YTD	644	110	534
<i>2017 YTD</i>	<i>633</i>	<i>119</i>	<i>514</i>



**New Subscribers by Location
August**



**New Members by Location
August**



HUMAN RESOURCES

Recruiting

The low unemployment rate has greatly impacted our ability to find qualified individuals to fill our open positions. Even so, recruiting efforts have continued and as a result we have been making headway on filling some of our more critical positions, e.g., Manager of Produce/Floral in Hanover.

Please see the chart below from the New Hampshire Department of Employment Security for some insight into the unemployment rates for selected NH cities and towns YTD for 2018.

New Hampshire Cities and Towns - Unemployment Rates for 2018

Not Seasonally Adjusted Estimates by Location of Residence

Released: August 23, 2018	Jan-18	Feb-18	Mar-18	Apr-18	May-18	Jun-18	Jul-18	Aug-18	Sep-18	Oct-18	Nov-18	Dec-18	Ann Avg
Canaan Town	2.1%	2.2%	2.4%	1.8%	1.6%	2.5%	2.5%						
Claremont City	2.9%	2.8%	2.8%	2.8%	2.5%	2.6%	2.6%						
Cornish Town	2.4%	2.4%	2.7%	1.6%	1.6%	1.5%	1.7%						
Croydon Town	1.4%	1.4%	1.6%	1.4%	1.4%	1.6%	2.5%						
Dorchester Town	2.6%	1.6%	3.6%	4.1%	4.1%	3.0%	2.5%						
Enfield Town	1.7%	1.9%	2.0%	1.9%	1.7%	2.1%	2.0%						
Grafton Town	2.9%	3.2%	3.3%	2.7%	2.9%	2.1%	3.1%						
Grantham Town	2.2%	2.4%	2.4%	2.1%	2.1%	1.6%	1.9%						
Hanover Town	2.3%	2.8%	2.4%	2.2%	2.8%	2.7%	2.5%						
Haverhill Town	3.1%	2.7%	2.6%	2.4%	2.1%	2.4%	2.4%						
Lebanon City	2.1%	2.0%	2.1%	1.9%	1.8%	2.1%	1.7%						
Lyme Town	2.0%	1.8%	1.9%	2.1%	2.4%	2.3%	2.1%						
Newport Town	2.5%	2.5%	2.3%	2.1%	2.5%	2.3%	2.4%						
Orford Town	2.1%	1.8%	1.9%	1.8%	1.5%	1.4%	1.3%						
Piermont Town	3.9%	2.7%	3.7%	2.7%	2.2%	1.7%	2.2%						
Plainfield Town	1.7%	1.7%	1.7%	1.8%	1.4%	1.8%	1.7%						
Springfield Town	1.3%	1.8%	1.4%	1.9%	2.1%	1.9%	1.9%						
Sunapee Town	2.3%	2.2%	2.4%	2.0%	2.0%	2.2%	2.0%						
Unity Town	2.7%	2.7%	2.2%	2.5%	1.5%	1.3%	1.6%						

Prepared by:

Economic and Labor Market Information Bureau

New Hampshire Employment Security

(603) 228-4124

Employee Survey Results

We have presented the results of the 2018 employee survey to all locations. The results as previously mentioned were down as compared to 2015 but this was not unexpected. Plans are underway to address the concerns raised by our employees in the survey. These include taking immediate action and longer range planning.

We will be holding meetings for our members and the public in the near future to present the results of the survey and to discuss our plans to address the findings.

COMMUNITY SERVICE

Community Service 2018		Participation & Hours Cumulative to the end of August							
Goals									
800 hours of Service	100 % Staff Participation	# Participation by Location	Staff: Community Service Hours Yearly Hour Goal						
		Store/Location							
		Admin Buck Road	9 83.75						
Total Cumulative Hours	% Staff Participation*	Community Market	0 0						
136.75	4.83%	Co-op Kitchen	1 2.75						
		Hanover	0 0						
		Lebanon	2 21						
Hours Surpassing Goal	* based on 373 employees	Service Center	0 0						
-663.25		WRJ	6 29.25						
		Staff	Hours						
		Totals for Year:	18 136.75						
			800						
<table border="1" style="width: 100%;"> <thead> <tr> <th colspan="2">Hour totals by type</th> </tr> </thead> <tbody> <tr> <td>Co-op Driven:</td> <td>Other:</td> </tr> <tr> <td>96.75</td> <td>40</td> </tr> </tbody> </table>				Hour totals by type		Co-op Driven:	Other:	96.75	40
Hour totals by type									
Co-op Driven:	Other:								
96.75	40								
% Goal Hours Completed									
17.09%									

OUTREACH AND MEMBER SERVICES

Now that the busy summer (and all the events that come along with it!) is winding down, we're able to focus on fall and winter. We'll be starting to focus on food drives, fall themed programming and classes, and enhancing the shopping experience during the coming months. Some highlights:

- We are currently conducting an audit of all Co-op donations programs with the goal of establishing clearer outcomes.
- The annual member clean-up is underway. This month we will be sending letters to households so we should see a spike in responses.
- Marlboro College invited the Co-op to a Community Engagement fair and we also presented about cooperatives for a class on businesses for social change.
- Marketing and Merchandising had great success with bulk promotions they've been running.
- Marketing is busy preparing for Case Lot and holiday advertising.
- There is a paper shredding food drive event on 9/22 at the Lebanon store.
- The engagement project is moving forward with the next phase into goal setting.
- The team crafting the co-op wide value proposition is nearly done. We expect to be testing in the end of September.
- The Education team has restarted the popular dinner in 30 program.
- Emily Rogers has returned from her delegation trip to Peru to visit Equal Exchange chocolate and coffee farms. She's busy preparing education materials for employees and members.
- We worked with FFN to be able to allow seniors who receive 3Squares benefits to participate in the Double Up Food Bucks program.

PUBLIC RELATIONS

August was a month dominated by the culmination of a lengthy project and a kick-off of others. While work of the Public Relations department is frequently a solo affair, which is not to say that internal collaboration is uncommon. Quite the opposite. August provided a prime example in the form of our Co-op's involvement in the Point to Point fundraiser for the Vermont Foodbank [sic]. The months and year ahead will certainly provide more of the same as specified below or to be discussed in future reports.

Updates and new work of Public Relations

1. The Hanover Co-op Food Store's involvement in the Point to Point was a team effort on many levels. As noted in previous reports to the Board, our cooperative provided extensive support for this high-profile fundraiser. Nearly 500 participants along with friends and family joined businesses like ours to help raise nearly \$120,000 to help Vermonters in need of food in the coming year. And, we had a lot of fun in doing so. Our extensive involvement in this project began last autumn.

Images from the Point to Point:



2. As a follow-up to work with New Hampshire Ag Commissioner Shawn Jasper, we are keeping in contact with his office regarding the use and misuse of the term "local" as seen in competitive advertising around our region of New Hampshire.

3. Vermont's Main Street Alliance: The Alliance is planning a series of autumn roundtable meetings/mixers for business members and non-members. The first will be held September 26 at Piecemeal Pies in White River Junction. Allan has offered co-sponsorship support for this event.
4. Allan has continued to seek bus service to Centerra Marketplace. The latest update comes from follow-up conversations with Vital Communities' Transportation Programs Manager Bethany Fleishman. The best we can report is that any consideration of a bus stop within Centerra is far from being a practical consideration. Such service was provided about 10 years ago, but proved detrimental for Advance Transit. Bethany and Allan are discussing next steps.
5. Later this month, preliminary planning will begin for a proposed 2019 series of roundtable discussions to benefit farmers and food producers within the region. The details of this program are very much in the drafting phase, but initial plans can be summarized as a late winter series of 90-minute workshops on a variety of topics useful to food producers. These workshops would be held at the Co-op Learning Center.
6. Ice Cream with a Cop, held on Wednesday, August 23, at our Lebanon store, was a success. Over a 90-minute stretch, 5 gallons of local Walpole Ice Cream were happily consumed. Our next Ice Cream with a Cop is scheduled for Friday, September 14, from 3 to 4:30, at our White River Junction store. If all goes as planned, we will be serving Strafford Creamery Organic Ice Cream of Vermont.
7. Advocacy for Affordable Housing: Allan has begun outreach and information gathering with New Hampshire Housing, Vital Communities, and New Hampshire Community Development Finance Authority.
8. Facilities Tour for Vermont Secretary of Agriculture Anson Tebbetts: On hold until later in autumn.
9. Informational meeting with King Arthur Flour: Allan is establishing a collaborative relationship with Carey Underwood, King Arthur Flour's director of mission driven partnerships and programs.

GENERAL MANAGER

- Met with Michael Kreis, Vital Communities, on *Workforce Housing Project*: August 1
- Attended/participated in *Ice Cream with a Cop*, Hanover store: August 1
- Attended/participated in Vermont Foodbank & VSECU Point to Point Bike Ride: August 11
- Toured Norwich Farmers Market: August 11
- Attended Co-op Service Station Huddle: August 15
- Attended/participated in new employee orientation lunch: August 20
- Attended/participated in Vital Communities Food and Farm meeting: August 20
- Attended/participated in Co-op HR Director's employee survey presentation to Board: August 21
- Attended/participated in Listen Board of Directors' meeting: August 23
- Attended/participated in *Ice Cream with a Cop*, Lebanon store: August 23
- Attended White River junction store Huddle: August 27
- Met with new Buck Road landlords: August 28

MONITORING REPORT

EL 7 – Communication and Counsel to the Board

Submitted by Edward Fox

Introduction

In last month's monitoring report on EL 3, I outlined the ways in which our Co-op protects its assets. Achieving the goals of EL 3 would not be possible without EL 7, Communication and Counsel to the Board. Why?

Think about how a Co-op asset differs from the norm. In finance, an asset is something owned by a business that generates revenue. But at our Co-op, assets are not *things people own*, but rather, *resources people share*.

Our Board is responsible for ensuring resources are used wisely. It's a big job, one that depends on effective communication and counsel from Co-op staff.

Learn more about how we accomplish this below.

EL 7 states:

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

Operational Definition / Interpretation:

Employees advise the Board in order to protect the business, employees, members, Board members, and resources. The GM is responsible for informing and supporting the Board. The Board has established requirements that determine compliance, outlined in the sub-policies below.

Accordingly, the General Manager will not

EL 7.1: Submit monitoring data that is untimely, inaccurate, or hard to understand.

Operational Definition/Interpretation:

The GM submits monitoring reports each month according to a schedule found in the Board's Policy Governance manual. Monitoring reports provide operational definitions, data, and compliance determinations for each policy.

Data:

Policy Monitoring

Over the past year, the GM has submitted monitoring reports according to the schedule outlined in the Board's Policy Governance Manual. Each report included an operational definition, data, and a compliance statement. In cases of actual or anticipated non-compliance, an explanation was submitted in writing, along with a plan for achieving compliance.

Plain Language

This past year, the Co-op also began converting business documents and monitoring reports to a style known as plain language, or plain writing. Jargon and legalese is being gradually phased out, replaced with short, clear, simple sentences. The goal is to make documents easy to understand for all Co-op members, regardless of the reader's level of education or socioeconomic status.

Many progressive, forward-thinking businesses and organizations have adopted plain writing. Our Co-op has also adopted this style for the good of our members and employees. Our goal is to be an industry leader in this important area, affirming our commitment to transparency.

Compliance Determination: I report compliance.

EL 7.2: Fail to report, or report in an untimely manner, any actual or anticipated noncompliance with any policy of the Board.

Operational Definition / Interpretation:

The General Manager will report any non-compliance in writing to the Board.

Data:

Over the past year, the GM has reported any issues of non-compliance or anticipated non-compliance according to the policy monitoring schedule.

Compliance Determination: I report compliance.

EL 7.3: Allow the Board to be unaware of relevant trends, public events of the Cooperative, or internal and external changes that:

EL 7.3.1: concern which employees report directly to the General Manager or the job responsibilities of such employees,

Operational Definition / Interpretation:

The GM will tell the Board about any changes in reporting relationships to the General Manager. The Board will have a general understanding of the job responsibilities of those employees.

Data:

Over the past year, the GM informed the Board that Mark Langlois was named Director of Finance and outlined his duties and responsibilities. The GM also provided monthly reports to the Board, which included extensive information on Co-op events, and grocery- and food-industry trends.

Compliance Determination: I report compliance on this sub-policy.

EL 7.3.2: arise out of contact with, or actions by, government instrumentalities or other institutions that have significant impact on the affairs of the cooperative,

Operational Definition / Interpretation:

The GM will tell the Board about any significant interactions with government or regulatory agencies. I do not interpret routine contacts, such as license renewals or health inspections, as significant unless problems arise. Also, my interpretation of “significant” is not necessarily that an interaction might cost a significant amount of money, but that it might affect significant decisions.

Data:

The GM informed the Board about a possible non-compliance issue with a credit-card processor. It was preemptive, and resolved with no adverse consequences.

Significant Contracts

The GM and HR Director informed the Board about the 2018 employee satisfaction survey, conducted by Great Place to Work, a vendor that conducts surveys for clients worldwide. The GM also informed the Board about other significant contracts signed throughout the year, including a new strategic advisor to the GM, consultants and architects related to the Lebanon Store renovation project, and the food program Double Up Food Bucks.

Compliance Determination: I report compliance on this sub-policy.

EL 7.3.3: affect any current or planned capital projects,

Operational Definition / Interpretation:

The GM will provide the Board with a yearly budget of capital expenditures. The budget will contain a dollar figure on planned capital projects of a general nature. The GM will also provide ongoing information on the status of large capital projects. I do not interpret this policy to mean that the

Board is notified when management changes priorities on equipment purchases, so long as the budget is not exceeded.

Data:

Capital Projects

The Board approved the 2018 Annual Business Plan in December of 2017, which outlined capital expenditures for the 2018 fiscal year. Expenditures over the past 10 months conform to priorities and spending limits. I also provided the Board with quarterly financial reports in the April and July meeting packets. Finally, I informed the Board about the Lebanon renovation project and provided the Board with a liaison to the renovation committee.

Compliance Determination: I report compliance on this sub-policy.

EL 7.3.4: involve matters that members, government authorities or the general public would reasonably expect the Board to be aware of,

Operational Definition / Interpretation:

I interpret this policy to mean that the Board expects to be informed of issues important to significant constituencies of the Co-op, including government or regulatory agencies.

Data:

I regularly update the Board on activities of the Co-op. Each monthly Board packet contains a management update. I also provide verbal updates on issues at Board meetings.

Co-op managers are available as needed at regular or special Board meetings to offer updates and share information on important topics. These managers include the Co-op's Director of Human Resources, Director of Outreach, Director of Public Relations, Director of Merchandising, Director of Outreach and Member Services, Director of Operations, Director of Finance, and store managers.

Finally, employees give regular presentations at Board meetings and "off-Board" on operational, strategic, and tactical subjects.

Compliance Determination: I report compliance.

EL 7.4: withhold his/her opinion if the General Manager believes the Board is not in compliance with its own policies on Governance Process and Board-Management Delegation, particularly in

the case of Board conduct that is detrimental to the work relationship between the Board and the General Manager.

Operational Definition / Interpretation:

The interpretation of this policy can be taken at face value. I believe the Board wants a strong and positive relationship with the General Manager and seeks the opinion of the GM on issues of non-compliance.

Data:

I provide input on this issue through formal surveys and through regular conversations and presentations. I also provide employee experts to the Board, including the Director of Human Resources, Director of Finance, Director of Outreach and Member Services, and the special Board liaison to the Lebanon renovation project team.

Compliance Determination: I report compliance.

EL 7.5: Deal with the Board in a way that favors or privileges certain Board members over others except when (a) fulfilling individual requests for information or (b) responding to officers or committees duly charged by the Board.

Operational Definition / Interpretation:

The interpretation of this policy can be taken at face value.

Data:

My interactions with the Board conform to this policy. I communicate regularly with all Board members on a wide range of topics and engage with members on formal committees and projects. I follow strict professional protocols to inform the Board chair of all interactions with other Board members on Board-related issues. I also have regularly scheduled monthly meetings with the Board chair and vice-chair.

Compliance Determination: I report compliance.

EL 7.6: Fail to supply for the Board's agenda all decisions delegated to the GM yet required by law, regulation or contract to be Board-approved.

Operational Definition / Interpretation:

The interpretation of this policy can be taken at face value.

Data:

Over the past 10 months I have brought several items to the Board for approval. There are no instances in the last year when Board approval was needed and not obtained.

Compliance Determination: I report compliance.

EL 7.7: Fail to supply direct evidence to the Board on a timely basis that the Cooperative is in compliance with all obligations that may trigger the personal legal liability of Board members.

Operational Definition / Interpretation:

The General Manager will adhere to Executive Limitations policies outlining applicable laws and regulations. Specifically, the GM will warn Board members of compliance issues threatening to involve their own personal liability.

Data:

We submit monitoring reports to the Board throughout the year. These reports provide data to show that our Co-op is in compliance with all Board Policies. We also support the Board in the selection process and hiring the Co-op Auditor, and inform the Board of obligations concerning the Co-op Annual Meeting. These obligations address regulations that could risk exposing Board members to liability.

The GM also directs Outreach and Member Services staff to advise the Board on elections, institutional history, and Bylaws interpretation. To protect the Board from potential personal liability, the Board administrator coordinates insurance, background checks, and exploring any potential conflict-of-interest issues.

Compliance Determination: I report compliance

APPENDIX A

DRAFT MEETING MINUTES, August 22, 2018

- Present:** Kevin Birdsey, Benoit Roisin, Victoria Fullerton, Thomas Battles, Ann Shriver Sargent, Rosemary Fifield, Jessica Saturley-Hall, Dana Grossman, Ed Howes
- Absent:** William Craig, Elizabeth Blum
- Staff:** Ed Fox (General Manager), Mark Langlois (Director of Finance), April Harkness (Board Administrator), Lori Hildbrand (Director of Human Resources), Amanda Charland (Director of Member Services & Outreach), Janet Couture (Finance Operations Manager)
- Members:** Jessica Giordani (recently appointed as a Board member, but not yet officially seated), Terry Appleby

Board Secretary Dana Grossman called the meeting to order at 6:00 p.m. in the Board Room of the Hanover, NH, store.

New Board Member

Dana welcomed newly appointed Board member Jessica Giordani, noting that she would be unable to be seated as a voting member until she is approved by Vermont and New Hampshire liquor authorities.

MOTION: Tom Battles moved to allow pending board member Jessica Giordani to participate in the board's deliberations, but not to vote.

Benoit Roisin seconded the motion.

VOTED: 9 in favor, 0 opposed. The motion passed.

Board Secretary Pro Tem

MOTION: Tom Battles moved to authorize Rosemary Fifield to fill in as Board Secretary Pro Tem for this meeting only, as Dana Grossman is chairing the meeting.

Ed Howes seconded the motion.

VOTED: 9 in favor, 0 opposed. The motion passed.

Consent Agenda: July 25, 2018, Meeting Minutes (Appendix A); July 23, 2018, Special Meeting Minutes; and July 2018 Share Redemption Requests

MOTION: Ed Howes moved to accept the Consent Agenda, including the July 25, 2018, Meeting Minutes; the July 23, 2018, Special Meeting Minutes; and the July 2018 Share Redemption Requests.

Tom Battles seconded the motion.

VOTED: 9 in favor, 0 opposed. The motion passed.

General Manager Report

Ed Fox said that the Co-op is currently nearly \$1 million over the projected sales budget and 2½% over last year's sales to date. While the overall customer count is relatively flat, it is trending upward, and average basket size is up more than \$1.00 over last year. Member Services is again cleaning up the membership database, a process that is now being done on a yearly basis. The Co-op Pathways Program, an HR initiative offering employees a clearly defined path to promotion, has been launched at all locations.

Policy Monitoring

Monitoring Report: EL 3 – Asset Protection

MOTION: Kevin Birdsey moved to accept the General Manager's report as in compliance with EL 3 – Asset Protection.

Tom Battles seconded the motion.

VOTED: 9 in favor, 0 opposed. The motion passed.

DISCUSSION: The General Manager noted that development of a comprehensive business continuity plan is expected to be accomplished by the beginning of next year and pointed out that employees have been added as an asset in this report.

Monitoring Report: EL 5 – Employee Experience (carried over from July)

MOTION: Tom Battles moved to accept the General Manager's report as in compliance with EL 5 – Employee Experience.

Benoit Roisin seconded the motion.

DISCUSSION: Several Board members participated in a recent informational session about the 2018 Employee Survey. Co-op employees will be given a presentation next, and then a session will be held for the membership. It was noted that the employee survey will be done again next year, rather than waiting the traditional three years. This will help gauge how well management has addressed employee concerns. At least one Board member expressed confidence in the HR plan to improve employee morale.

VOTED: 8 in favor, 0 opposed, 1 abstention. The motion passed.

Member Comments

None.

Committee Updates

Election Committee

MOTION: Kevin Birdsey moved to appoint Liz Blum as Chair of the Election Committee.

Rosemary Fifield seconded the motion.

VOTED: 9 in favor, 0 opposed. The motion passed.

Governance Committee

Kevin presented a proposed addition to GP 4 – Board Members’ Code of Conduct and a proposed GP 11 – Director Conduct Inquiry Process. The intent of the latter is to define how the Board will respond to a complaint about a Board member’s conduct. There was general agreement among the Board about the need to establish such a procedure. The Governance Committee will continue to work on this policy and will accept feedback prior to submitting another draft at the next Board meeting.

New Business/Action Items

CDS Proposal

The Board decided to postpone the decision on the CDS Proposal. The Board Treasurer urged the board not to enter into a contractual agreement before January 1, 2019, pending the creation of a new board budget.

Selection of Financial Auditors

The Board Treasurer, with the help of the Director of Finance, submitted a proposal indicating two preferred choices for auditor. They had sent an RFP to six auditing firms, all of whom responded, and had then assessed the pros and cons of each of the six.

MOTION: Ann Shriver Sargent moved to authorize Board Treasurer Benoit Roisin to do a reference check on Tyler, Simms & St. Sauveur and to engage them if he is satisfied with what he hears, and if not, to proceed with a reference check on Baker, Newman & Noyes and to engage them if he is satisfied with what he hears, and if not, to consult again with the Board.

Tom Battles seconded the motion.

VOTED: 8 in favor, 1 opposed. The motion passed.

Farm to Co-op Dinner

The Board will host a Farm-to-Co-op Dinner on Wednesday, October 17, from 5:00 – 8:00 p.m. in the Culinary Learning Center. All Board members were encouraged to put the date on their calendars. The dinner will be free and open to members on a first-come, first-served basis and will accommodate up to 50 people. Co-op Food Educator Lindsay Smith will cook the harvest dinner and will use products supplied by our local vendors. The hope is to have some of those vendors available to speak at the meeting and to allow Board members an opportunity to spend time with members. Jessica Giordani will be working on this event as the new Board Liaison to the Member Engagement initiative.

November Board Meeting Date

As the November Board meeting falls on the evening before Thanksgiving, the Board decided to move the meeting to Wednesday, November 28.

September Board Meeting

Ed Fox will be at the NCG conference at the time of the September 26 Board meeting. If he is able to, he will call in; in addition, the Director of Finance will be available for financial questions during the meeting. Board members were encouraged to send questions to Ed as far in advance of the meeting as possible.

Board Packet One Week in Advance

DISCUSSION: As it has proved difficult for administration to get all of the components of the Board packet out two weeks in advance of the meetings, the Board agreed to go back to receiving the packet one week in advance. The Governance Committee will review the contents of the packet for efficiency and readability.

MOTION: Kevin Birdsey moved to have the Board packet go to the board one week in advance of the monthly board meetings.

Jessica Saturley-Hall seconded the motion.

VOTED: 8 in favor, 0 opposed, 1 abstention. The motion passed.

Recording Board Votes by Name

MOTION: Ed Howes moved to begin recording Board member names with votes at the next Board meeting.

Benoit Roisin seconded the motion.

DISCUSSION: This agenda item was prompted by input from a group of members who met with Ed Fox. A lengthy and robust conversation ensued about the best way to provide transparency for the membership regarding actions of the Board. Some Board members expressed concern that a roll call vote without details of the discussion leading up to such a vote might not reflect the reasoning behind negative votes. Addressing that concern by also doing an audio recording of board meetings was discussed. Some Board members were also concerned that roll call votes could slow down the progress of meetings. But in general, the Board strongly supports full transparency.

MOTION: Tom Battles moved to table the discussion until the next Board meeting to allow those Board members not present to weigh in on the matter.

Victoria Fullerton seconded the motion.

VOTED: 4 in favor, 4 opposed, 1 abstention. The motion failed.

MOTION TO AMEND: Tom Battles moved to amend the original motion to read: To begin recording Board member names with votes at the next Board meeting and to move forward with audio recordings of meetings to provide more transparency as soon as practicable.

Victoria Fullerton seconded the motion.

VOTED: 7 in favor, 2 opposed. The motion to amend passed.

VOTE ON AMENDED MOTION: 6 in favor, 3 opposed. The motion passed.

Executive Session

MOTION: Rosemary Fifield moved to go into executive session at 8:08 p.m. to discuss an HR matter and to include in the executive session Lori Hildbrand and the employee members of the Board (but not Jessica Giordani, since she has not yet been officially seated as a board member; she left the meeting at this point).

Tom Battles seconded the motion.

VOTED: 8 in favor, 0 opposed, one board member temporarily out of the room. The motion passed.

MOTION: Jessica Saturley-Hall moved to come out of executive session.

Benoit Roisin seconded the motion.

VOTED: 9 in favor, 0 opposed. The motion passed.

MOTION: Jessica Saturley-Hall moved to accept the salary and change of structure recommendations made by Lori Hildbrand.

Benoit Roisin seconded the motion.

VOTED: 9 in favor, 0 opposed. The motion passed.

MOTION: Ann Sargent moved to go into executive session to discuss an HR matter and to include in the executive session Lori Hildbrand, but only the 7 non-employee Board members present, excluding the 2 employee members of the Board.

Jessica Saturley-Hall seconded the motion.

VOTED: 7 in favor, 0 opposed, 2 abstained. The motion passed.

MOTION: Jessica Saturley-Hall moved to come out of executive session at 9:27 p.m.

Ann Sargent seconded the motion.

VOTED: 7 in favor, 0 opposed. The motion passed.

MOTION: Jessica Saturley-Hall moved to accept the salary recommendation made by Lori Hildbrand and the executive committee of the board.

Ann Sargent seconded the motion.

VOTED: 7 in favor, 0 opposed. The motion passed.

Lori Hildbrand left the meeting at 9:30 p.m.

Victoria Fullerton left the meeting at 9:30 p.m.

MOTION: Tom Battles moved to go into executive session to discuss an HR matter and to include in the executive session the employee members of the Board.

Jessica Saturley-Hall seconded the motion.

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

MOTION: Tom Battles moved to come out of executive session at 10:10 p.m.

Benoit Roisin seconded the motion.

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

MOTION: Kevin Birdsey moved to adjourn at 10:11 p.m.

Ed Howes seconded the motion.

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

Respectfully submitted,

April Harkness
Board Administrator

Rosemary Fifield
Secretary Pro Tem

APPENDIX B

Policy Monitoring

By a majority vote, the Board found itself in compliance with **B-GM 2 – *Accountability of the GM*** and **B-GM 3 – *Delegation to the GM***. It was not a unanimous vote. Please see the comments of individual Directors.

APPENDIX C

HCCF Committee Report September 2018

The Hanover Cooperative Community Fund (HCCF) Committee met on Thursday, September 13, 2018, to select its recommended recipients of this year's Community Project Grants and the Gerstenberger Scholarship Award.

Committee members present were David Beane, Liz Blum (co-chair), Sarah Brash, Amanda Charland, Harrison Drinkwater, Rosemary Fifield (co-chair), April Harkness, and Benoit Roisin. Unable to attend, but contributing by email were Audra Bonds and Ed Fox.

Background

Each spring, the HCCF receives notice of the available interest accrued on its funds invested with Twin Pines Community Foundation (TPCF). This interest is the amount available for distribution after TPCF's administrative fees are subtracted.

Available interest accrued in 2017 is \$12,362.73. HCCF also has an additional \$406.91 remaining from previous years when the amounts given out did not exhaust the total funds available. This year's total (\$12,769.64) was reduced by \$2,500 on June 29, 2018, with the payment of the second half of a two-year grant awarded to the 2017 Gerstenberger Scholarship recipient, New Hampshire Resident-owned Communities (NHROC). The final amount available for distribution this year is \$10,269.64.

Application forms were posted on the Co-op website during the first week of August, with a deadline for submissions of Saturday, September 1, 2018. The opportunities to apply for the project grants and scholarship award were advertised to the public via the website and other social media platforms. Mailings were sent to Upper Valley non-profits, including those that had previously applied, either successfully or unsuccessfully, in 2017. Committee and community members were asked to spread the word to organizations and potential scholarship recipients.

Twelve project grant applications and one scholarship application were received.

Selection of Award Recipients

Committee members received copies of the applications on September 6, 2018, along with scoresheets and guidelines for assigning numerical values to each application using consistent criteria. They were asked to submit their scoresheets to April Harkness prior to the meeting to allow for compiling of the results.

At their in-person meeting, the HCCF Committee members discussed the pros and cons of each application, giving those members whose assessments were lower or higher than the average the opportunity to share their reasoning if they wished. Lively discussion proved worthwhile as more than once the committee found itself rethinking and revising its ratings.

Gerstenberger Scholarship

The committee recommends awarding the Gerstenberger Scholarship to Melissa K. Scanlan of Norwich, VT. Ms. Scanlan is the director of the New Economy Law Center at Vermont Law School. She will be a Senior Fulbright Scholar at the University of Alicante, in Spain, where she will research the environmental goals and impacts of the highly successful Mondragón cooperative, the parent to 111 co-ops. She will also study co-ops in Italy. Through this multi-country research she hopes to identify sustainability metrics to evaluate the environmental impact of cooperatives and how to best harness the power of worker-owned cooperatives to meet environmental sustainability goals (particularly climate) alongside democracy, employment, and equitable compensation goals. The research will result in a variety of written products from academic articles or a book to blog posts accessible to the general public.

The committee recommends awarding her \$2,500 with an understanding that she will attend the next Co-op Annual Meeting following her return to this country and will acknowledge the support of Co-op members by offering a lecture at the Co-op about her project.

Community Project Grants

The committee recommends funding the following projects. The giving theme(s) met by the project are included in the short description.

Crockpot Cooking Program (Twin Pines Housing Co-op) <i>provides residents with means to learn about and use Willing Hands seasonal produce (food access, co-ops)</i>	\$1,200
inShape (West Central Behavioral Health) <i>mentored services for mentally ill clients meant to improve quality of life and long-term health (community service)</i>	\$2,250
Holiday Basket Project (Clara Martin Center) <i>December holiday food basket for a family meal for families of limited means (food access)</i>	\$2,000
Growing Peace Project (Growing Peace Project) <i>youth activism, teaching garden, donated harvest, shared meals with food insecure (food access, environment, community service)</i>	<u>\$2,250</u>
	\$7,700

Additional community project applications received:

Real Organic Project Farm Label (Real Organic Project)

House weatherization (VerShare)

Residential Healthy Eating Program (Headrest)

Ramps and Roofs Campaign (COVER)

Capacity Building (Vermont Healthy Soils Coalition)

Building Resilient Communities (Building a Local Economy)

Brookmead Community Food Pantry Garden (Upper Valley Land Trust)

Cooking Class (Spark! Community Center)

The total amount recommended to be awarded through the HCCF this year: \$12,700.

Respectfully submitted,

Rosemary Fifield, HCCF Committee Co-chair

APPENDIX D

Proposed Correspondence Protocol Submitted by Tom Battles September 19, 2018

In keeping with the Co-op by laws, the board has proposed the following procedures to the handling of written communications to the board. It is the responsibility of all board members to read written communications addressed to the board. There should be an efficient and timely process in place to enable board members to meet this responsibility. Although the board should always be transparent in accepting written communications, however, there are instances when they should remain confidential.

1. Delivery:

- All correspondence to the board will be forwarded to the Board Administrative Assistant (BAA) promptly.
- The BAA will date stamp all correspondence and deliver it to the Board Secretary within twenty-four hours.
- The Board Secretary will open the communications and apprise the members of the Executive Committee of the contents.
- The Executive Committee will provide the correspondence to the full board. This will be carried out in executive session if the majority of the Executive Feel there is a need for confidentiality, otherwise, they will be presented during public input of a scheduled board meeting.

2. Confidentiality:

- In the event the full board is in agreement that a letter to the board should remain confidential, the letter will be kept in chronological order in a secure file.
- No member should discuss the matter outside of the meeting with anyone other than a board member who was present in the executive committee.

APPENDIX E



www.cdsconsulting.coop

Proposal
Presented to the Hanover Food Co-op
By Mark Goehring and Thane Joyal, CDS CC
July 15, 2018

Scope of Services

Provide support and education to the Board of Directors related to cooperative governance, focusing specifically on governance systems implementation and documentation and board communication with member-owners and the General Manager. Support development of healthy organizational culture and relationships.

Tasks & Deliverables

Attend or Observe Board Meetings: Mark or Thane will be available in person for board meetings August 22, September 26, October 24, November 21 and December 19. Mark will be present via telephone as a passive observer at the July 25 meeting.

Cost: 1 meeting via Telephone: 3 hrs @ \$150/hr=\$450

5 meetings in Person: 3 hrs plus 2 hrs travel time @50%=\$600

Board Self-Monitoring Assessment: Review Hanover's Board Self-Monitoring Process by reviewing board minutes over the preceding year and any other relevant materials, and provide a report which discusses the process and offers reflections, and, if appropriate, recommendations for improvement.

Cost: 4.5 hrs including up to 1 hr telephone consultation @\$150/hr =\$675

Prepare Comparative Discussion Document for Board Policy Manual

Description: Coordinate with board policy committee to prepare comparison table for board policy manual contrasting actual practice with policy language from Hanover Food Co-op and from one or more benchmark peer documents

Cost: 8 hrs including up to 3 hrs telephone consultation @\$150/hr =\$1200

Board Meeting Planning and Agenda Preparation Support

Description: Mark and Thane will consult monthly to assist in meeting planning and agenda development.

Cost: 6 hrs for 2 consultants for the price of 1 @\$150/hr=\$900

Board Governance Basics Training Fall 2018

Description: Mark or Thane will provide a one day training tailored to the needs of the Hanover board of directors including the Four Pillars of Cooperative Governance, Policy Governance, and basics of facilitation and board meeting and annual calendar design and preparation. Shared ground-rules for board meeting conduct will be developed by the group and a steps toward developing a preliminary draft annual calendar will be introduced.

Cost: \$3500 including preparation and follow up

APPENDIX F

Proposed revisions to GM performance monitoring

To add specifics regarding annual evaluation and compensation adjustment

By Benoit Roisin on behalf of the Executive Committee

After consultation with Lori Hildebrand (HR Director)

B-GM 4 – Monitoring GM Performance

Systematic and rigorous monitoring of General Manager performance will be solely against the only expected General Manager job outputs: organizational accomplishment of Board policies on Ends and organizational operation within the boundaries established in Board policies on Executive Limitations.

Accordingly,

- B-GM 4.1:** Monitoring is simply to determine the degree to which the Board policies are being met. Therefore, the General Manager shall define metrics to measure results, set standards, and provide data that show performance relative to those standards.
- B-GM 4.2:** The Board will acquire monitoring data by one or more of three methods:
- (a) by internal report, in which the General Manager discloses compliance information to the Board;
 - (b) by external report, in which an external, disinterested third party selected by the Board assesses compliance with board policies, and
 - (c) by direct Board inspection, in which a designated member or members of the Board assess compliance with the appropriate policy criteria.
- B-GM 4.3:** In every case, the standard for compliance shall be any reasonable General Manager interpretation of the Board policy being monitored.
- B-GM 4.4:** All policies that instruct the General Manager will be monitored at a frequency and by a method chosen by the Board. The Board can monitor any policy at any time by any method, but will ordinarily depend upon a routine schedule.
- B-GM 4.5:** The Board will review the performance of the General Manager annually based on a summary of the monitoring reports received during the previous calendar year.
- B-GM 4.5.1:** The Board will complete its review and consider possible action with regard to the General Manager's employment and/or adjustment to the General Manager's compensation no later than 1 March.
 - B-GM 4.5.2:** A letter summarizing the review and possible adjustment to the employment and compensation rate of the General Manager will be prepared by the President,

approved by the Board members in attendance at the regular March Board Meeting, and hand-delivered to the General Manager within two weeks following.