

Approved MINUTES, December 20, 2017

Present: William Craig, Kevin Birdsey, Harrison Drinkwater, Ed Howes, Benoit Roisin, Dana Cook Grossman, Victoria Fullerton, Don Kreis, Ann Shriver Sargent, Thomas Battles

Absent: Anthony Roisman, Elizabeth Blum

Staff: Ed Fox (General Manager), Mark Langlois (Director of Finance), April Harkness (Board Administrator), Paul Lambe (Employee Learning & Development Manager), Lori Hildbrand (Director of Human Resources), Cathy Moloney (Store Manager, White River Junction), Allan Reetz (Director of Public Relations), W. Steve Miller (Store Manager, Hanover), Joi Purrell (Production Manager), Amanda Charland (Director of Member Services & Outreach), Caitlin Woodbury (Store Manager, Community Market), Samantha Estes (Prepared Foods Program Manager)

Members: Terry Appleby

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

Consent Agenda: November 15, 2017, Meeting Minutes (Appendix A) and November 2017 Share Redemption Requests

MOTION: Tom Battles moved to accept the Consent Agenda, which included the November 15, 2017, meeting minutes and November Share Redemption Requests.

Ann Shriver Sargent seconded the motion.

VOTED: 10 in favor, 0 opposed. The motion passed.

General Manager Report

With no questions on the General Manager Report, the Board moved into the Policy Monitoring discussion.

Policy Monitoring

Monitoring Report: EL 1 – Planning

Ed Fox presented the 2018 Business Plan and Budget to the Board. He gave an overview of the process for building the Plan and Budget, which included looking at the 2017 Plan, establishing a vision for 2018, then the development of plans for 2018 by each business unit. Next, the team worked on the budget by building the expense side first and then building the sales plan. Store Managers and Department Managers, Operations personnel, and Merchandisers were among those included in the process. The goal was for the expense budget to be supported by the sales plan. In 2018, the Co-op is projecting .65% growth in sales.

The Plan was built around conservative sales and a loaded budget, with the goal of strategically adding new positions and making investments in non-capital facility needs. The Board had follow-up questions on the staff compensation pool and wanted to be sure the Employee Pathways Plan (which increases pay for staff based on performance and evaluation in completing specific tasks) was funded for 2018.

The Board expressed appreciation for this very conservative approach to sales, despite showing a potential loss in sales compared to the Consumer Price Index and food inflation costs, indicating that it is consistent with the direction they had encouraged the General Manager to pursue.

Follow-up questions on progress toward achieving the vision laid out in the Plan and the Budget included a request to keep the Board apprised of benchmarks in an anecdotal way, not necessarily just as to specific tactics and strategies.

Much of this review of fiscal projections will be done in the context of the quarterly review of *EL 2 – Financial Condition*.

MOTION: Don Kreis moved to accept *EL 1 – Planning* as in compliance.
Kevin Birdsey seconded the motion.

VOTED: 10 in favor, 0 opposed. The motion passed.

Member Comments - No member comments.

Discussion: The Board discussed the possibility of bringing ad hoc member comments to the full Board during the member comment period. This would allow for any feedback received by individual board members to be conveyed to the full board. It was agreed this is a good idea.

In addition, the Board would like to discuss all incoming correspondence addressed to the full Board as a regular item on the monthly agenda. This issue will be discussed at the January meeting.

Auditor's Planning Session

Steve Austin from Gallagher Flynn & Co., LLP, described the process for the FY 2017 audit, which is already under way. He reviewed what an audit covers and what it does not cover. The Board had several questions on specific items they would like to see addressed, some of which can be done under the scope of the current contract with the firm.

Executive Session

MOTION: Don Kreis moved to go into executive session at 7:56 p.m. to discuss confidential aspects of the 2017 audit and to include the employee members of the board but not any non-board employees.

Dana Grossman seconded the motion.

VOTED: 10 in favor, 0 opposed. The motion passed.

MOTION: Kevin Birdsey moved to come out of executive session at 8:45 p.m.

Benoit Roisin seconded the motion.

VOTED: 10 in favor, 0 opposed. The motion passed.

Committee and Task Force Updates

Annual Meeting Task Force

Ann Shriver Sargent, chair of the Annual Meeting Task Force, noted that HR Director Lori Hildbrand has joined the committee and made some very good suggestions on the committee's proposal which are reflected in the latest draft plan (see Appendix D). A key addition to the plan is to make the Co-op's assets very visible by highlighting singularly exemplary employees in a short video. The HR and communications departments will collaborate on putting together the video, and it will be simulcast in all four stores on the day of the annual meeting.

Allen and Nan King Award Task Force

After brief discussion about the most efficient way to administer the King Award this year, it was decided to assign the project to one person, who will coordinate the effort with the Annual Meeting Committee.

MOTION: Kevin Birdsey moved that Harrison Drinkwater administer the King Award process for 2018.

Ann Shriver Sargent seconded the motion.

VOTED: 10 in favor, 0 opposed.

Election Committee

Kevin Birdsey, chair of the Election Committee, informed the Board that there is one declared candidate. He noted that recruitment tables were staffed at the Taste of Tradition events, and he expects to plan for more recruitment tables in coming weeks. He will let the rest of the Board know what he arranges so they can sign up to aid in the recruitment process. All Board members were also encouraged to continue one-on-one recruitment efforts. There was brief discussion of possibly extending the announced January 8 deadline for declarations, if not enough candidates have filed by then. Since the date has been widely promulgated, it was decided not to do so at this time but to consider that option if it seems necessary at a future date.

Finance Committee

Benoit Roisin provided a brief overview of the FY2018 Board budget (see Appendix F). He explained that some line items contain placeholder dollar amounts, based on the best information currently available. There was some discussion of whether the cost of the annual audit properly falls in the Board budget or whether it would be more appropriate to include it in the Operations budget. It was decided for the time being to leave it in the Board budget.

MOTION: Ed Howes moved to approve the Board Budget, with the understanding that there be flexibility in some line items, and even in the bottom line, as further information becomes available; that if any additional expenditures are proposed beyond those currently listed, they be approved at a later date; and that care be taken to keep the bottom line below 0.2% of sales.

Benoit Roisin seconded the motion.

VOTED: 8 in favor, 2 opposed. The motion passed.

HCCF Advisory Committee

Benoit Roisin explained that the Board had deferred to this meeting action on a final change in the wording of EL 9.2 – Co-op Giving Programs — that is, the deletion of “discriminate (based on race and other federally designated groups)” and the substitution of “discriminate on the basis of race, creed, gender, national origin, age, sexual orientation, or physical disability.”

MOVED: Ed Howes moved that the new language be approved.

Dana Grossman seconded the motion.

VOTED: 10 in favor, 0 opposed.

Harrison Drinkwater presented the results of the committee’s ranking of the 13 applicants for Community Project Grants and the 2 applicants for the Gerstenberger Scholarship Award (see Appendix G). He noted that this is the inaugural year for the Gerstenberger Award, and he feels that the Gerstenberger family will be pleased with that selection.

MOVED: Tom Battles moved that funds be disbursed for the grants and scholarship award as presented by the committee.

Benoit Roisin seconded the motion.

VOTED: 10 in favor, 0 opposed.

New Business/Action Items

New Board Process for Agenda and Meetings

It was the consensus of the Board to conduct future business under the processes proposed during the Board’s fall retreat (see Appendix H).

Future Board Meeting Location

It was the sense of the Board that all meetings for the foreseeable future should be held in the Board Room at the Hanover store.

Ed Howes asked about the status of the Strategic Planning Committee. Bill Craig explained that the group has met twice; the members have discussed what the priorities of the strategic planning process should be and have assigned various action items, mostly information-gathering, to the various members of the committee.

MOTION: Tom Battles moved to adjourn at 9:30 p.m.

Harrison Drinkwater seconded the motion.

VOTED: 10 in favor, 0 opposed.

Respectfully submitted,

April Harkness
Board Administrator

Dana Cook Grossman
Board Secretary