

REPORT OF THE BOARD

The Board of the Co-op has one core mission - to represent the best interests of the membership to achieve the unique goals of the Co-op. The Co-op is a jointly owned enterprise where each member has an equal voice in how we achieve the Co-op goals. These goals represent values that Co-op members respect and that are unlike the usual business goal of merely maximizing profits. Instead, our Co-op seeks to maximize a “triple bottom line” — financial strength, environmental sustainability, and community vibrancy. Our members have determined, by joining the Co-op, that the Co-op shall be committed to being a positive force in our community. They have also determined that the Co-op should provide a wide variety of healthy food at reasonable prices and that we should be much more than just the best grocery store in the Upper Valley. Members also want us to support our local farmers and producers, to support local programs to help those who need help, to support healthy eating and to support environmental protection. These values are reflected in how our Co-op is operated and it is the task of the Board to assure that these values are achieved while also assuring the financial viability of the Co-op and directing the Co-op as our members want.

During the last year the Board has undertaken a number of initiatives designed to better serve our members. We have increased communication between the Board and the members by posting comprehensive Board meeting packets prior to Board meetings and expanding on the content of our Board Minutes so that members who cannot attend a Board meeting can still know what is going on. We have reformed the Board membership nominating process to allow all members who wish to run for the Board a place on the ballot. We are working on greatly expanding and updating the content of the Board portion of the Co-op website. We are also increasing

communications between Board members and those persons operating the Co-op from not only the General Manager and other Co-op officers. We have instituted a vigorous committee system in which issues on which the Board may act are examined by committees who make presentations to the Board in advance of Board meetings, thus improving the Board's ability to evaluate the issues and make better and more efficient decisions.

During the last year, there have also been significant transitions in Co-op staff. The retirement of the long-time GM, Terry Appleby, placed a significant burden on the Board to find someone who would bring the unique commitment to the Co-op and Co-op principles and the unique ability to manage our 400+ employees, our four stores, service center and commissary and our \$70 million+ business that Terry provided. His extraordinary leadership for the past 24 years was the principal reason the Co-op has thrived and grown to the institution it is today. We are very fortunate to have found another extraordinary individual - Ed Fox - who has brought to us his many years of working with the Vermont Food Bank and working in the retail sector along with a special understanding of the Co-op mission and its commitment to serve its members. Although he has only been on the job for a few months, his vision and focus on enhancing member engagement and advancing the Co-op operation are already making a positive difference. This year the Co-op also hired a new CFO, Paul Guidone, whose financial expertise has been invaluable during what has been a difficult year due to the remodeling of the Hanover Store and the appearance of new competition in the grocery market. While end of the year patronage refunds will not be possible this year due to those financial stresses, we were still able to provide ongoing patronage refunds in the form of member discount days amounting to over \$450,000. There is also a new COO, Bruce Follett, and a new store manager coming for the Lebanon Store. Most significantly for the Board, we

have found a remarkable woman to be our Administrator. April Harkness has undertaken the difficult task of providing the services required of our twelve very independent and active Board members and is doing extremely well.

Following the next election, our membership will be composed of people who have been on the Board no more than two years and the majority will have been on the Board for one year or less. However, we will continue to benefit from the fact that among the current “young” Board members are a couple who served on the Board many years ago. The Board is composed of a wide variety of individuals who bring many different skills to their membership on the Board and many different points of view. These differences have provided a positive environment for the Board. The Board has been remarkably productive because the Board members, like our members, are committed to the success of the Co-op and its mission. Differing points of view are fully aired and eventually resolved with good will, and even good humor. We look forward to an extraordinary year for the Co-op and our members. Our Annual Meeting, on April 1 at the LISTEN Center in White River Junction, will be exciting, informative and fun. Plan to attend and stay tuned. There is much more coming.