

MINUTES June 24, 2015

**Present:** Michael Bettmann, Sarah Blum, Harrison Drinkwater, Margaret Drye, Victoria Fullerton (arrived at 5:40 p.m.), Kay Litten, Anthony Roisman, John Rosenquest, Susan Sanzone Fauver, Brett Tofel

**Absent:**

**Staff:** Terry Appleby, Dot Benham, Joanne Bouchard, Eugenia Braasch, Sally Brash, Jon Dubuque, Rosemary Fifield, John Holmes, Steve Miller

**Members:** Marguerite Ames, Dottie Anderson, Jake Blum, Susan Blum, Nancy Carter, Ryan Clauson, Sean Clauson, Sylvia Davatz, Anne Garrigue, Charles Goldensher, Jackie Gordon, Paul Gordon, Carl Gray, Antoinette Jacobson, Nora Jacobson, Buddy Kirschner, Ginny Kirschner, Donald Kreis, John Manion, Greg Marshall, Joel Nelson, Benoit Roisin, Ryan Scelza, Lynn Kneedler Schad, Victoria Smith, Robert Spotswood, Terryl Stacy, Elaine Stephenson, Mary Waugh, Stacy Wilson

Margaret called the meeting to order at 5:35 p.m. in the Black Center Senior Citizens Room. Only Board members were present. She asked to go into Executive Session to discuss a personnel matter.

**Executive Session**

**MOTION:** John moved to go into Executive Session to discuss an alleged breach of conduct involving a Board member.

Kay seconded the motion.

**DISCUSSION:** Some Board members said the matter before the Board did not qualify for Executive Session and should be held in the open portion of a regular Board meeting. Others suggested this would best be handled in an Executive Session, since discussing the alleged breach of conduct will lead to delving into a confidential personnel issue.

Michael said that discussion has to occur but the hour is late, given an impending phone call from our lawyer.

**MOTION TABLED**

Tony moved to table the motion.

Brett seconded the motion.

**VOTED:**

5 in favor; 4 opposed; 1 abstained; 0 absent

**MOTION:** Tony moved to enter into Executive Session at 5:57 p.m., in order to meet with legal counsel to discuss a personnel matter. Attorney Charles Bauer, Gallagher, Callahan & Gartrell, P.C., participated via phone.

Kay seconded the motion.

**VOTED:**

8 in favor; 1 opposed; 1 abstained; 0 absent

**MOTION:** Tony moved to close Executive Session at 6:02 p.m.

Brett seconded the motion.

**VOTED:** the motion passed unanimously.

## Welcome

After a short break, the Board resumed their meeting at 6:07 p.m. in the Black Center Multi-purpose Room. Margaret noted that the Co-op Board meeting is not public and requested that no filming or recording take place. Board members introduced themselves.

## Consumer Cooperative Management Association annual conference impressions

Sarah noted that 75 food co-ops were represented; she made new contacts and learned about Board processes and operations elsewhere.

Victoria spoke with two co-op workers who recently came through difficult times. She enjoyed the film “Food For Change”.

Kay served on the planning committee for the conference. This was her seventh CCMA and she was impressed with both the variety and similarities of issues evident in the food co-op sector.

John visited a 60-acre organic farm on a conference tour, that featured seven feet of topsoil, an aquafer, and no stones!

Margaret said that some good advice she got at CCMA was not only to respect the agenda when conducting the meeting, but also to respect the time allotted for the different agenda items.

## Co-op Stories

Tony recommended the Miranda cheese at the Hanover Co-op Cheese Department: “*it’s really good*”.

## Caren Giaccone Reinstated

Margaret read the following announcement: “Caren Giaccone is reinstated as a Co-op employee as of today and will return to work on July 6, 2015.”

## Member Comments

Employee Jeff Withington, Hanover store Meat and Seafood Manager, asked colleagues to stand with him (twelve people), and presented about thirty testimonials written by staff about their work situation. He said that the negative comments about the Co-op hurt the entire organization and that staff are tired of it. He noted that unfavorable coverage by the *Valley News* and Vermont Public Radio is likewise damaging the reputation of the Co-op, which did not lay off a single employee during the 2008 recession.

Whittington, a Gulf War veteran, spoke of his personal pain from that service and how the Co-op assisted with his recovery.

Ryan Clauson offered to assist Withington with his service-related injuries and was prompted to refrain from such comments. He observed that the Board is divided and challenged them to consider heroic or cowardly actions.

Ken Weldon, Hanover Cheese Department clerk, observed the divisive emotions which currently characterize some of the discourse about the Co-op; he asked members to control their emotions, think clearly about their actions and the impact on the organization.

Margaret encouraged members to send their comments to the Board of Directors.

## May 27, 2015, and June 4, 2015, Meeting Minutes

MOTION: Susan moved to approve the May 27, 2015, as amended, and June 4, 2015, minutes as written. Kay seconded the motion.

VOTED: To approve the May 27, 2015, as amended, and June 4, 2015, minutes as written.

10 in favor, 0 opposed, 0 abstained, 0 absent.

The motion passed.

The May 27, 2015, minutes were amended as follows:

Draft	Final
Members	Members
Carl Pederson	Carl Pedersen
	Priorities for the 80 <sup>th</sup> Board of Directors
	Text Added: <b>Member Engagement (GP 2 Board Deliverables)</b>
	Share Redemption
	Text Added: <b>Approved after a brief exchange about the reasons why members redeem their shares; it was explained that the most frequent reasons are that a member dies or moves away from the Upper Valley.</b>

### Elections

MOTION: Kay moved to elect Ed Howes as a Director.

Susan seconded the motion.

MOTION: Brett moved to elect Donald Kreis as a Director.

Susan seconded the motion.

MOTION: Victoria moved to elect Benoit Roisin as a Director.

Tony seconded the motion.

After a review of the discussion about the process to use for filling the vacancy, at the June 4, 2015, special board meeting, Margaret ruled this motion out of order because the procedure that the Board agreed to on June 4<sup>th</sup> was not followed. Brett, citing the Bylaws, contested the majority decision.

Ed and Benoit spoke about their interest and qualifications for serving as a Director. Board members questioned them about their intention to run for the Board for another term in 2016 (both affirmed); problems that need solutions (issues mentioned included: member friction, communication and transparency, employee disputes, board teamwork, and member linkage); suggestions for moving forward (research and fact-finding, attention to process and procedure, dialogue, and building consensus); governance experience (both previously served on the board using policy governance, expressed commitment to the Co-op, readiness and desire to serve). Susan thanked both candidates.

Members asked about their commitment to the membership, how they would interact with their constituents (both responded that member linkage is important and challenging; board members should communicate as a unit, not as individuals, in an appropriate and peaceful manner); when asked whether the prospective board members were vetted by the Nominating Committee, Susan said that yes, they were reviewed and approved.

VOTED (by paper ballot): To elect Benoit Roisin as Director.

6 in favor, 4 opposed, 0 abstained, 0 absent.

The motion passed.

MOTION: Michael moved to elect Kay as Vice President.

Susan seconded the motion.

MOTION: Victoria moved to elect Tony as Vice President.

Sarah seconded the motion.

VOTED (by paper ballot): To elect Kay as Vice President.

5 in favor, 4 opposed, 1 abstained, 0 absent.

The motion passed.

Margaret read the Vice President's duties as outlined in the Bylaws and also described the Executive Committee function. When asked whether they would be willing to serve as President next year, Kay responded that she already served as President for four years and agreed to serve in the VP role while new board members learned about the Co-op and board work. Tony said that he would be interested in serving as President.

The meeting paused at 7:25 p.m. then reconvened at 7:30 p.m.

MOTION: Susan moved to elect Kay as Chair of the Nominating Committee.

Michael seconded the motion.

VOTED (by paper ballot): To elect Kay as Chair of the Nominating Committee.

9 in favor, 0 opposed, 1 abstained, 0 absent.

The motion passed.

MOTION: Tony moved to elect Susan as Chair of the HCCF Committee.

John seconded the motion.

MOTION: Harrison moved to elect Victoria as Chair of the HCCF Committee.

Kay seconded the motion.

VOTED (by paper ballot): To elect Susan as Chair of the HCCF Committee.

7 in favor, 3 opposed, 0 abstained, 0 absent.

The motion passed.

MOTION: John moved to elect Sarah as the liaison with the Upper Valley Food Co-op.

Susan seconded the motion.

VOTED: To elect Sarah as the liaison with the Upper Valley Food Co-op.

10 in favor, 0 opposed, 0 abstained, 0 absent.

The motion passed.

MOTION: John moved to elect Michael as Chair of the Succession Planning Task Force.

Susan seconded the motion.

VOTED (by paper ballot): To elect Michael as Chair of the Succession Planning Task Force.

9 in favor, 0 opposed, 1 abstained, 0 absent.

The motion passed.

Michael noted that Terry is nearing retirement, it is time to start the process of assessing the Co-op's future with all stakeholder groups, develop a profile for the General Manager position, and outline the search process. Scope and guidelines need to be developed and confirmed by the Board. Susan and Harrison said that they wanted to participate on this committee. Michael asked others to contact him.

MOTION: Kay moved to elect Tony as Chair of the Communications Task Force.

Sarah seconded the motion.

VOTED: To elect Tony as Chair of the Communications Task Force.

9 in favor, 0 opposed, 1 abstained, 0 absent.

The motion passed.

The task force will focus on writing and wordsmithing Board messages, along with Board communication strategy and process. Sarah would like to assist. Scope and guidelines need to be developed and confirmed by the Board.

No one indicated that they wanted to lead a committee for the 80<sup>th</sup> Anniversary initiative, so that decision was tabled.

When asked whether members at large could serve on Board committees, Margaret said that yes, both the HCCF and Nominating Committees have provisions for such service.

### **General Manager Update**

Terry reported sales trending according to the pattern which has emerged thus far this year: Hanover South Park Street store sales are down, while Lebanon, White River Jct. and Co-op Community Market sales are up. The Hanover South Park Street store remodeling project is nearing the start of the final phase, when the current entrance will be closed and the new entry on South Park Street will open. Service Center gasoline sales, down in May (due to new tank installation project), have rebounded. Service repairs are booked, but there are delays because a mechanic is absent due to health issues. New memberships are higher than 2012 and 2013, but not quite as high as 2014. Terry recently held conversations with the Norwich Farmer's Market manager and the Dresden School district about longer-range plans for that property. (The Dresden district has right of first refusal should the Co-op decide to sell the land).

Board members asked about the status of the Hanover store renovation; Terry will present a full review at the July Board meeting; he told the Board that the project is on budget, the construction costs are over by 4% due to change orders, soft costs (permitting fees) are slightly below budget, and some furniture and fixtures have been eliminated to offset the construction expenses.

A board member requested different data about the Service Center operation: monthly breakdowns like the grocery stores, # gallons pumped and net profit margin. Terry responded that he currently reports profitability on a quarterly basis and margins change relative to gasoline prices. He also noted that the Hanover store renovation, attracting fewer shoppers, is impacting Service Center sales. When asked about plans to develop an electric vehicle charging station, Terry indicated that no work has occurred in that area recently.

In response to a question about the Farmer's Market projections, Terry said that grocery industry growth for the past 20 years has occurred in the natural and organic product lines, due to a shift in culture.

### **Discussion**

#### **Aspiration and Priorities for the 80<sup>th</sup> Board of Directors**

Board members discussed and then ranked their priorities for 2015-2016:

1. Communications
  - Accountability via Policy Governance, Transparency
2. Strategic Vision through 2020
  - Multi-stakeholder Co-op structure – possibly as a Co-op Café event
  - Growth
3. Board Development
  - Succession Planning (Board and Management)
4. 80<sup>th</sup> HCCS anniversary in 2016 -- desired outcomes and associated events

5. Policy revisions on-going, completion of Ends policy text revision (goal is to simplify), EL9 and GP8 charitable/philanthropic policies revision

The suggestion was made to identify changes needed for a policy at the time of monitoring, and then propose text revisions at the next Board meeting. The Board agreed that Member Engagement (GP 2 Board Deliverables) is a cross-cutting commitment for all of the above priorities.

#### Policy Monitoring

##### **GP 8 HCCF (Board)**

*The Hanover Cooperative Community Fund provides the Co-op with a long-term community giving solution. As a permanently endowed fund intended to grow over time, a portion of its annual return is available to be donated to qualified organizations of the Co-op's choice.*

MOTION: Michael moved to approve the HCCF \$26K disbursement recommendation for 2015 and to accept the report from the committee.

Susan seconded the motion.

VOTED: To approve the HCCF \$26K disbursement recommendation for 2015 and to accept the report from the committee.

9 in favor, 0 opposed, 1 abstained, 0 absent.

The motion passed.

The Board agreed that they need to understand the obligations for investing money with the Twin Pines Foundation. Susan will look into it and present at a future meeting.

##### **EL 12 Board Logistical Support**

*The General Manager will not allow the Board to have inadequate logistical support.*

MOTION: John moved to accept the EL 12 monitoring report as in compliance.

Susan seconded the motion.

VOTED: To accept the EL 12 monitoring report as in compliance.

8 in favor, 0 opposed, 2 abstained, 0 absent.

The motion passed.

It was noted that the board SharePoint site lacks content. Terry responded that the site is available for Board use and that content is up to the Board. Board input has been sought about developing the SharePoint site for the past year.

##### **B-GM Global – Board-GM Flow of Authority**

*The Board of Directors is a policy-making body. The Board oversees the cooperative exclusively by drafting and monitoring compliance with policies that are binding on the General Manager. Thus the Board's link to the cooperative is exclusively through the General Manager. The General Manager will be in active communication with the Board and may also, on occasion, delegate this responsibility to others. If so, the General Manager is responsible for and will be bound by such communications.*

MOTION: Susan moved to accept the B-GM Global monitoring report as in compliance.

Michael seconded the motion.

VOTED: To accept the B-GM Global monitoring report as in compliance.

7 in favor, 0 opposed, 3 abstained, 0 absent.

The motion passed.

There was no discussion about this policy.

### **B-GM 1 Unity of Control**

*Only decisions of the Board acting as a body are binding on the General Manager.*

MOTION: Kay moved to accept the B-GM 1 monitoring report as in compliance.

Susan seconded the motion.

VOTED: To accept the B-GM 1 monitoring report as in compliance.

7 in favor, 2 opposed, 1 abstained, 0 absent.

The motion passed.

A brief discussion was held about the Board's duty to be informed, the policy emphasis on collective information requests, which, in the view of some board members, puts too much resistance on information availability. It was noted that Board members should not request or obtain information on their own because the Board work is inherently a collective effort.

### **GP 6 Board Member Nominating Process**

*To insure continuation of effective leadership and governance, the Board commits itself to recruiting high quality candidates for open Board positions.*

*Accordingly, the Board will appoint a Nominating Committee, constituted according to the Bylaws.*

MOTION: Susan moved to accept the GP 6 monitoring report as in compliance, with acknowledgement of the need to revise the policy.

Kay seconded the motion.

VOTED: To accept the GP 6 monitoring report as in compliance, with acknowledgement of the need to revise the policy.

10 in favor, 0 opposed, 0 abstained, 0 absent.

The motion passed.

Brett objected to the current nominating process and advocated for the use the petition process if a member wishes to serve on the Board. Others noted that a balance of skills on the Board is desirable and the Nominating Committee should focus on assessing the current Board, then identifying candidates who bring needed skills to the Board.

### **GP 10 Board Committees**

*We will use Board committees to aid, not to replace, the work of the whole Board.*

MOTION: Kay moved to accept the GP 10 monitoring report as in compliance.

Michael seconded the motion.

VOTED: To accept the GP 10 monitoring report as in compliance.

9 in favor, 0 opposed, 1 abstained, 0 absent.

The motion passed.

**Share Redemption**

MOTION: Michael moved to authorize the redemption of the shares, as presented, in the Share Redemption Request dated June 16, 2015.

Susan seconded the motion.

VOTED: To authorize the redemption of the shares, as presented, in the Share Redemption Request dated June 16, 2015.

10 in favor, 0 opposed, 0 abstained, 0 absent.

The motion passed.

Concern was expressed about the increase of requests for share redemptions, nearly double the level when compared with the prior month.

**Administrative Matters**

A Board retreat was scheduled for July 8<sup>th</sup> at 5:30 p.m. Michael said that he cannot attend on that date.

**Adjournment**

MOTION: Susan moved to adjourn the meeting at 9:30 p.m.

Tony seconded the motion.

VOTED: To adjourn the meeting at 9:30 p.m.

10 in favor, 0 opposed, 0 abstained, 0 absent.

The motion passed.

Respectfully submitted,

Eugenia F. Braasch  
Board Administrator

Harrison Drinkwater  
Secretary