

DRAFT MINUTES July 27, 2016

Present: Kevin Birdsey, Elizabeth Blum, Sarah Blum, Harrison Drinkwater, Victoria Fullerton, Dana Grossman, Ed Howes, Kay Litten, Anthony Roisman,
Absent: Michael Bettmann, William Craig, Brett Tofel
Staff: Terry Appleby, Paul Guidone, Lori Hildbrand, Amanda Charland, Paul Lambe
Guests: Ed Fox
Members: Benoit Roisin, Lynn Schad, Robert Spotswood, Diane Guidone

Tony called the meeting to order at 6:02p.m. in Buck Road Conference Room B, Co-op offices, 2 Buck Rd., Hanover

Consent Agenda: June 22, 2016 Meeting Minutes, June 27, 2016, Special Meeting Minutes, and July 2016 Share Redemption Request

MOTION: Harrison moved to accept the June 24, 2015 Meeting Minutes and June 27, 2016 Special Meeting Minutes as presented.

Dana seconded the motion.

VOTED: 9 in favor, 0 opposed, 0 abstained, 3 absent. The motion passed.

MOTION: Kay moved to approve the June 2016 Share Redemption Request

Kevin seconded the motion.

VOTED: 9 in favor, 0 opposed, 0 abstained, 3 absent. The motion passed.

General Manager Update (Terry)

Overall sales are up by 1.4% compared to a year ago, but behind budget. As an example, Terry noted that produce sales are under budget. Deflation may be the primary factor, because although we are getting produce at a lower price, marking it up at the same percentage, and selling more, the dollar volume is down. Seasonal sales are also affected by local farmers markets and farm stands, which the Co-op supports. This deflationary cycle also occurs in gas sales at the Service Center. There, we pump more gallons at retail price lower than 2014, so sales-to-budget appear negative.

Terry reported that the Co-op's lawyer has met with representatives from the NH Bureau of Securities on the subject of whether the Co-op's Class B shares require a fixed redemption date. The Co-op's position is that Class B shares are issued only to Members as patronage refunds in lieu of cash payments (and can be redeemed at the discretion of the Board, once the Co-op's capital needs are met.) Discussions with the Bureau will continue.

The Co-op welcomes a new nutritionist, Hannah Brillings, to the Member Services department, and bids a fond farewell to Eli Morse and his family. Eli was instrumental in launching the Co-op Culinary Learning Center.

The Co-op has also received 3 Awards – The American Heart Association's award for employee fitness; the VT Governor's Council on physical fitness; and the VT Governor's Award for Business Excellence in Supporting Mature Workers. The Co-op will receive a Business Excellence Award Certificate of Recognition presented by Governor Shumlin on September 8th at the Vermont Annual SHRM Conference.

Member Comments

Question regarding the number of redemptions sought this month– 50% of those who joined in 2014 have turned in their memberships. Is there a way to find out why they leave? Is this information being compiled, etc. Amanda Charland, Director of Member Services and Outreach, responded that it had mostly to do with students – time period is representative of the academic schedule.

Another member asked if future board meetings will be held at the Buck Rd. offices. Most likely, meetings will be held at the Hanover store conference room. Congratulations were given to the Pennies for Change program, which led to a question on how recipients are chosen and whether they are chosen for “teaching” food and nutrition awareness. Although this is not a requirement for recipients, the Co-op has discussed ways to work with recipients and provide cooking and nutrition classes.

Policy Monitoring

EL 2 Financial Condition and Performance

DISCUSSION: Paul Guidone, Director of Finance, stated that all financial obligations have been met and the company is financially sound. Although sales-to-budget are down, typically the grocery stores recover in 2nd half of year. At this point, no reason to be concerned about financial health of the Co-op, though we are still recovering from the controversies of the past 2 years

Paul was asked about working with the CFO of City Market co-op in Burlington as they are expanding, and Paul replied that he has been contacted by their GM.

MOTION: Kay moved to accept the EL 2 monitoring report as in compliance.

Liz seconded the motion.

VOTED: 9 in favor, 0 opposed, 0 abstained, 3 absent. The motion passed.

EL 4 Treatment of Customers:

Terry reported that standards have been met for “customer service that the public should expect of a consumer cooperative” in areas of food safety, education, privacy of member data, etc. He noted non-compliance in the mechanism by which customers can express concerns and receive a timely response. There are 1000 comments per year, which are tracked by member services, and most are responded to in a timely manner, but not 100%. The plan to bring it to 100% involves a CRM system.

Questions are given to the relevant employees to answer – merchandizing, Education, etc. Comments and responses are also posted publicly on the website. Acquiring customer relationship management software would enable the Co-op to aggregate information to track what people need and want. Currently it is a manual process; a CRM system would be more efficient but it’s expensive so management is researching cost and benefits

A concern was voiced regarding board access to comments – it might be helpful if there could be a direct contact function for board members – possibly through the Co-op website.

MOTION: Harrison moved to accept the EL 4 monitoring report as in compliance with acknowledgment of work that remains to be done in sub policy 4.6 (providing a mechanism for customers to express concerns to the management and to respond in a timely fashion).

Kay seconded the motion.

VOTED: 9 in favor, 0 opposed, 0 abstained, 3 absent. The motion passed.

EL 5 Treatment of Employees and EL 6 Compensation and Benefits

DISCUSSION: The discussion of these two policies was combined.

Lori Hildbrand, Director of Human Resources, has conducted a deeper analysis of the discrepancies that appear in pay equity for men and women that are reported in EL 6 Compensation and Benefits. Women do not apply for the higher paying jobs of store management, butcher, etc. and apply primarily for cashier jobs, etc. where the pay range is lower. Offers of training pathways may encourage more women to aim for higher management positions.

Currently there are 21 vacancies, and the Co-op is recruiting applicants through the VA and Vet organizations. Lori has met with 4 other organizations which may bring more diverse applicants. The challenge is to increase the balance of gender and diversity in the employment pool, but unemployment is low in the Upper Valley, and even local tech schools are inundated with companies seeking employees. Shadowing programs, internships, etc. may be an attractive addition to direct hiring, and could also encourage more diverse applicants.

Lori discussed the new evaluation and progression strategy she has put into place. The process involves a checklist and set goals and expectations, and guidance by managers. A board member inquired about the impact of women leaving workforce on this evaluation and progression strategy. Lori responded that she is not evaluating returning to work according to what is typical, i.e., you left this position, you return where you left off. Instead, she is looking at what the individual brings to the table now to determine the best fit.

The Co-op now offers full benefits for anyone over 30/hrs. a week. There are three levels of health care offered, and the base level option has no cost. Also employment includes paid sick leave, personal leave, vacation time, and short term disability. Putting benefits into dollars, the real starting wage at Co-op is about \$17.50 @ 30hrs/wk. Retention is higher than the industry average; the Co-op has a 22% turn over, while the industry standard is 33 – 34% per year. With the addition of training and career progression, our employment package is better than most.

Paul Lamb, Employee Learning and Development Manager, presented information regarding our management training programs. One program, partially funded by the state of New Hampshire, includes a 3-hour class per month for 10 months for current managers. A second program is training for potential Assistant Store Managers in order to create a pool of internal candidates for upcoming retirements and departures. There are 14 shifts to be covered by a manager per store, and the goal is to promote internal employees to these positions.

To address the issue of finding staff who are the best “fit” for manager duties, the Co-op is taking a more personal approach. Instead of offering only a management track as a means for pay advancement, the Co-op has a two-tiered approach where employees can 1) advance as department “specialists” or 2) train to become supervisors or managers depending on their skills and aptitude.

MOTION: Ed moved to accept the EL 5 & 6 monitoring reports as in compliance.

Sarah seconded the motion.

7 in favor, 0 opposed, 2 abstained, 3 absent. The motion passed.

Updates

Board Administrator Committee

MOTION: Dana moved to approve the charter for the Board Administrator Committee:

Kay seconded the motion.

AMENDMENT to the MOTION: Liz moved that the committee, including new member Victoria Fullerton, meet to resolve differences in the job description

VOTED: To amend the motion

6 in favor, 3 opposed, 0 abstained, 0 absent. The amendment passed.

DISCUSSION: Several Board members questioned the “time split” assigned to this new position where the new administrator will divide time between Board work and event planning, as well as the conflict of interest they feel exists if the admin reports to someone in management as well as to the board. An initial announcement for this position has been posted, but Board members felt that there are still several details to be ironed out related to their concerns and so agreed to meet again before continuing the search.

VOTED: To approve the charter for the Board Administrator Committee and to meet to resolve outstanding questions.

9 in favor, 0 opposed, 0 abstained, 0 absent. The motion passed.

Ad Hoc Nominating and Electing Committee

MOTION: Harrison moved to approve Charter as written.

Liz seconded the motion.

DISCUSSION: Additional members were added to the committee, and a commitment to hold meetings in person going forward as requested. The committee now consists of Bill, Ed, Harrison, Victoria, and Liz. However, recommendations have to be made as soon as possible, since the Nominating Committee work is now two months behind schedule.

VOTED: 9 in favor, 0 opposed, 0 abstained, 3 absent. The motion passed.

Budget Committee

MOTION: Kay moved to approve Charter as written. *[Included as addendum given it was not prepared in time for the packet]*

Ed seconded the motion.

VOTED: 9 in favor, 0 opposed, 0 abstained, 3 absent. The motion passed.

Additions to the Agenda

Web site – related to board and member communications discussed earlier, this committee will evaluate the possibility of a sub-site to the Co-op official website providing board member linkage, building upon previous communications committee work. Victoria will chair, and Sarah and Lesley will consult.

Action Items:

1. The Board Administrator Committee, chaired by Dana, will meet shortly after August 15th to complete their work of making recommendations on the qualifications and job description for the new administrator;
2. The Budget Committee, chaired by Kay, will complete its work providing the Board with recommendations for the 2016-17 Board budget;
3. The Ad Hoc Nominating and Election Committee will give an update on its recommendations;
4. The Retreat Committee, to be chaired by Harrison and which needs two or three additional members will have a proposed charter and draft recommendations;
5. Victoria is heading an ad hoc committee to investigate creating a Board website that would be accessed through a link on the Co-op website but would have more content about the Board and matters of interest to our members;
6. Committees to propose Bylaws amendments and to review the Policy Governance manual need to be constituted.

Monitoring Reports - August

EL 3 Asset Protection (GM)

Adjourn

MOTION: Liz moved to adjourn the meeting at: 8:35 p.m.

Kevin seconded the motion.

VOTED: 9 in favor, 0 opposed, 0 abstained, 3 absent. The motion passed.

Respectfully submitted,

Lesley Hatch
Interim Board Administrator

Harrison Drinkwater
Board Secretary

APPENDIX A

Proposed Charter – Ad Hoc Committee on Nominating and Electing Board Candidates

To assist the Board in reviewing and creating procedures to nominate and elect a slate of highly qualified candidates; and with that goal in mind, to make specific recommendations including, but not limited to

- Assessing current Board composition, professional strengths, and ability to represent our diverse membership;
- Developing clear and objective criteria for selecting “suitably qualified” candidates
- Reviewing recruitment procedures and documents in coordination with Member Services and Communications departments
- Continuing education for candidates and incumbents in policy governance, the co-operative business model, and board responsibilities for assessing member needs and long range planning.
- Reviewing the timeline of Nominating activities, recognizing that this is a year-round campaign for candidates
- Evaluating petition procedures
- Assessing the need or desirability of 3rd party auditors of the election process

[Note: the ad hoc committee has benefited from the resource materials now posted on SharePoint. Please visit Board of Directors/Board Documents/Nominating Committee/Resources to compare the Co-op’s current nominating and election procedures with suggested practices from other co-ops and appropriate corporations.]

Chair:

Bill Craig

Committee Members:

Liz Blum

William Craig

Harrison Drinkwater

Ed Howes

APPENDIX B

Proposed Charter - Committee for the Board Budget

This committee has been named the "Committee for the Board Budget," instead of "Board Budget Committee," which would be concerned with the "Co-op budget," as opposed to concerning itself solely with the "Board Budget."

The Committee for the Board Budget shall:

- Be composed of no fewer than three Board members, which shall include the Treasurer;
- Be the advisory group which shall, upon consultation with the Co-op's CFO, propose to the Board a draft budget, whose total shall be determined after study of previous Board budgets and the proposed budget needs for the coming fiscal year; these line items shall include, but not necessarily be limited to:
 - meeting costs, subscriptions, insurance, travel, professional development, retreats, consultations, surveys, office supplies/printing, dues, benefits, equipment, non-regular and monthly board meetings, marketing, nominations, and mailings.
- Present a proposed budget for the coming fiscal year after discussions with the BoDs, the President of the BoD, the CFO, and the GM.

The board Budget is 1-2 percentage points of the Co-op budget, which ranges currently from \$70,000 to \$140,000.

Chair:

Kay Litten, Treasurer

Committee Members:

Dana Grossman

Kevin Birdsey

APPENDIX C

Proposed Charter – Board Administrator Committee

To present to the board a suggested job description for the board administrator and a list of proposed criteria that we seek in applicants for the position; to coordinate the mechanics of the search with the Co-op's HR department; and to work with HR on presenting a slate of finalists to the board.

Criteria

The Board Administrator is responsible for providing the HCCS Board of Directors with the full measure of support necessary to be an effective governing body of one of the nation's largest retail grocery cooperatives. It is a position of significant trust and sensitivity, inasmuch as the Board Administrator will at times receive and work with material that is highly confidential.

The successful candidate will exhibit the following skills and capabilities:

1. Be adept at summarizing complicated issues to produce monthly board meeting minutes.
2. Be fluent in "co-op speak" or be willing to learn about the principles and organizations in the world of co-ops.
3. Have a basic understanding of policy governance or be willing to learn about the model.
4. Have good organizational skills and be very well organized.
5. Appreciate the importance of confidentiality.
6. Be tactful and comfortable with dealing with 12 diverse and strong personalities.
7. Be able to juggle working for and answering to the Board for the Board Administrator on a half-time basis, while also working for and answering to the Member Services Department on a half-time basis.

Chair:

Dana Grossman

Committee Members:

Bill Craig

Victoria Fullerton

Harrison Drinkwater

Sample Job Description

The individual who holds this position will work part-time as the Board Administrator and part-time for the HCCS Member Services Department, reporting to the Board President for the former function and to the Director of Member Services for the latter function. The division of hours between these two roles may vary from week to week, as dictated by the needs of the Board. The Director of Member Services serves as the administrative supervisor for the individual who holds these positions.

The position of Board Administrator includes the following functions:

Board Meeting Support

- Solicits agenda items for board meetings from the Board President, GM, and committee chairs
- Develops meeting agendas in consultation with the Board President and GM
- Coordinates the administration of monthly policy monitoring surveys and assembles the responses in a report for the Board
- Assembles the final agenda and all supporting material into board packets
- Distributes the packets to board members and the GM
- Posts board agendas and the public portion of board packets on the website and in other appropriate locations
- Attends all board meetings
- Maintains an accurate, up-to-date record of board member attendance and notes absences and late arrivals in meeting minutes
- Drafts accurate, objective minutes of board meetings (and committee meetings, as appropriate) in a timely manner, in consultation with the Board Secretary
- Solicits corrections to the minutes, in consultation with the Board Secretary, and includes corrected draft minutes in the monthly board packets
- Produces a final copy of approved minutes and related materials in a timely manner
- Posts and archives final, approved minutes in a timely manner
- Completes action items from board meetings by agreed-upon deadlines
- Distributes materials to committee members as requested by committee chairs
- Archives and posts committee materials as appropriate

Board Logistics

- Provides logistical and calendar support to the Board President and other officers, as well as the chairs of board committees
- Ensures that appropriate facilities are reserved for all board functions
- Sets up rooms for all board functions
- Arranges for technical support, as appropriate, and ensures that all equipment is functioning properly
- Coordinates snacks or meals, as appropriate, for all board functions

- Handles the logistics for board trainings and the annual board retreat
- Communicates feedback, recommendations, and potential projects among the Co-op's Management, Member Services and Communications Departments, community partners, and Board
- Prepares discount cards for new board members
- Maintains the Board's SharePoint website
- Researches and proposes technology that will aid the Board in its work and supports board members in the use of such technology

Recordkeeping

- Maintains an up-to-date corporate minutes notebook, with all agendas and supporting documents
- Maintains up-to-date paper and digital copies of board policies
- Maintains an up-to-date calendar for policy monitoring reports and other board actions
- Distributes policy revisions and an updated monitoring and action item calendar to the Board President and GM in a timely manner
- Ensures that revisions or additions to board policies and monitoring are distributed to board members in a timely manner
- Updates board member handbooks annually
- Ensures that significant materials and facts related to the board's work and the history of the HCCS are preserved in an appropriate manner
- Monitors the board budget
- Coordinates the collection of all paperwork required from new board members

Elections and Annual Meeting Support

- Assists with the logistics of board candidate recruitment under the direction of the Nominating Committee
- Assists with planning and executing the annual election of board members
- Assists the Executive Committee and Nominating Committee, and works with the Member Services and Communications Departments, in the preparation of informational handouts or other materials for the annual election and annual meeting
- Assists the Director of Member Services in arranging the logistics of the annual meeting

Board Orientation and Training

- Works with the Board President or Executive Committee to identify and prepare new board member orientation materials and board member training materials
- Assembles orientation materials for all new board members

Annual Retreat Support

- Arranges facilities, catering, and other logistical needs for the annual board retreat
- Assists the Executive Committee, GM, and retreat facilitator in planning the agenda for the annual board retreat

- Assembles the retreat agenda and all supporting materials into retreat packets and distributes them to board members and other participants in a timely manner
- Drafts accurate, objective minutes of the annual board retreat in a timely manner, in consultation with the Board Secretary
- Solicits corrections to retreat minutes, in consultation with the Board Secretary, and includes corrected draft minutes in the next monthly board packet
- Produces a final copy of approved retreat minutes in a timely manner
- Posts and archives final, approved retreat minutes in a timely manner

Additional Duties

- Writes articles, reminders, and profiles for the newsletter upon request
- Performs other administrative duties as assigned by the Board President or Executive Committee
- Consults with the Board President with regard to board correspondence
- Responds promptly to all correspondence as directed by the Board President
- Respond to member comments and concerns with respect to governance, in consultation with the Board
- Meets regularly with his/her supervisor and keeps him/her informed of challenges and/or ideas
- Maintains familiarity with the HCCS membership system and is able to simply, efficiently, and completely explain it
- Maintains familiarity with the Policy Governance model
- Knows and promotes the Co-op Principles and Vision, Mission, and Values
- Knows and follows HCCS work policies and procedure