

MEETING MINUTES, May 27, 2020
Virtual Meeting via ZOOM

Present: Emmanuel Ajavon, Kevin Birdsey, Marta Ceroni, Nick Clark, Rosemary Fifield, Victoria Fullerton, Jessica Giordani, Ed Howes, Manish Kumar, Peggy O'Neil, Jessica Saturley-Hall, Allene Swienckowski

Employees: Paul Guidone (Interim General Manager), April Harkness (Governance & Community Engagement), Lori Hildbrand (Director of Administrative Operations), Mark Langlois (Director of Finance)

Members: Terry Appleby, Charlie Goldensher, Dan Gottlieb

Rosemary Fifield called the first meeting of the 85th Board of Directors to order at 6:02 p.m.

Consent Agenda: April 29, 2020 Meeting Minutes and April 2020 Share Redemption Requests

MOTION: Kevin Birdsey moved to accept the Consent Agenda. Rosemary Fifield seconded the motion.

VOTED: 8 in favor. 0 opposed. Marta Ceroni, Nick Clark, Manish Kumar, and Peggy O'Neil abstained. The motion passed.

Election of Officers

Each board member was provided an opportunity to express interest in any officer position. The following board members were nominated and approved by the board:

President

Victoria Fullerton nominated Allene Swienckowski.

VOTED: 11 in favor. 0 opposed. 1 abstention (Allene Swienckowski).

Vice President

Kevin Birdsey nominated Jessica Saturley-Hall.

VOTED: 11 in favor. 0 opposed. 1 abstention (Jessica Saturley-Hall).

Treasurer

Kevin Birdsey nominated Nick Clark.

VOTED: 11 in favor. 0 opposed. 1 abstention (Nick Clark)

Secretary

Jessica Saturley-Hall nominated Rosemary Fifield

Jessica Saturley-Hall nominated Jessica Giordani

VOTED: Rosemary Fifield: 5
 Jessica Giordani: 4
 Abstentions: 3 (Rosemary Fifield, Jessica Giordani, ?)

Appointment of Committee Chairs

Each board member was provided an opportunity to express interest in chairing a board committee. The following board members were nominated and approved by the board:

- Bylaws Committee – Rosemary Fifield
- Diversity Equity and Inclusion Committee – Victoria Fullerton
- Election Committee – Emmanuel Ajavon
- Ends Committee – Marta Ceroni
- Governance Committee – Jessica Saturley-Hall
- HCCF Committee – Kevin Birdsey
- Member-Linkage Committee – Jessica Giordani
- Search Committee – Jessica Saturley-Hall

MOTION: Peggy O’Neil moved to accept all committee chairs as nominated. Ed Howes seconded the motion.

VOTED: 12 in favor. 0 opposed. The motion passed.

The board postponed the appointment of Annual Meeting and King Award Task Force Chairs.

Member Linkage

Terry Appleby, former General Manager of the Co-op asked the board to acknowledge the passing of former HCCS board member Marge Boley, instrumental in the establishment of the Co-op’s Lebanon store location in 1997.

Charlie Goldensher asked about the impact of COVID-19 on the Co-op’s financial position and Interim General Manager answered the question.

Monitoring

EL 3 – Asset Protection

MOTION: Ed Howes moved that EL 3 – Asset Protection monitoring report provided a reasonable interpretation of the policy and sufficient evidence of compliance. Rosemary Fifield seconded the motion.

Discussion: The Interim General Manager reported no breaches of contract, fraud, or material losses as they relate to the Co-op’s assets. One board member asked about whether or not the Co-op has flood insurance and the IGM will get back to the board with an answer.

VOTED: 12 in favor. 0 opposed. The motion passed.

Interim General Manager Paul Guidone asked for feedback on the board’s preference for detail about procedures, etc. in the EL monitoring reports vs. a more scaled-back version providing primarily data supporting compliance. Response was varied.

GP 7 – Monitoring Board Performance

Jessica Saturley-Hall summarized her findings regarding how well the board met GP 7 - Monitoring Board Performance, referencing the report included in the board packet. She noted a need for improvement and provided recommendations for the future, including the creation of action items following board discussion of each report as well as a more universal approach to monitoring.

GP 8 – Cooperative Giving Programs

Rosemary Fifield summarized her report on GP 8 – Cooperative Giving Programs, which addresses the two programs for which the board is responsible: HCCF and the Allen and Nan King Award. No need for improvement was noted.

Policy Revisions

EL 7 – Communication and Counsel to the Board

MOTION: Ed Howes moved to accept the following revisions to EL 7 – Communication and Counsel to the Board. Rosemary Fifield seconded the motion.

EL 7.6: NeglectFail to supply for the Required Approvals agenda all items delegated to the General Manager yet required by law, regulation, or contract to be Board-approved.

VOTED: 12 in favor. 0 opposed. The motion passed.

EL 14 – Cooperation Among Cooperatives

MOTION: Ed Howes moved to accept the following revisions to EL 14 – Cooperation Among Cooperatives. Rosemary Fifield seconded the motion.

Accordingly,

EL 14.1 the General Manager shall not allow our co-op to operate in a manner that fails to recognize the spirit of cooperation expressed in Cooperative Principle 6.

VOTED: 12 in favor. 0 opposed. The motion passed.

GP 3 – Governance Development

MOTION: Rosemary Fifield moved to accept the following revisions to GP 3 – Governance Development. Allene Swienkowski seconded the motion.

GP 3.5.2 The Board shall develop and follow a budgetary process and schedule that includes the steps needed to put together the budget from the assembling of initial data to the final Board

approval, with that approval occurring no later than one month before the start of the budget year.

GP 3.5.4 The Board shall develop and follow a process for making changes in the budget during the budget year that balances the need for quick action and the need for Board members to have the opportunity to review and vote on proposed changes.

GP 3.5.4.1: After approval of the final budget, and during the budgetary year, the Board needs to approve any increases to budget allocations.

VOTED: 12 in favor. 0 opposed. The motion passed.

GP 5 – President’s Role

Revisions to GP 5 – President’s Role were postponed until the proper draft is circulated.

Governance Action Plan

The following Board Self-Monitoring assignments were made:

- GP 9 – Working with Neighboring Co-op’s – Ed Howes – October
- GP 5 – President’s Role – Kevin Birdsey – November
- GP 3 – Governance Development – Allene Swienckowski - December
- GP 2 – Board Deliverables – Peggy O’Neil – January 2021
- GP 10/GP 11 – Board Committees – Jessica Giordani with Committee Chair assistance – January 2021
- GP 4 – Board Members’ Code of Conduct – Emmanuel Ajavon – February 2021
- GP 7 – Monitoring Board Performance – Jessica Saturley-Hall – May 2021

Board Education

The board discussed purchasing the *Introduction to Policy Governance* online training program offered by Governance Coach. After identifying a need for additional information, the decision was tabled until next month.

Peggy O’Neil left the meeting at 8:15 pm.

General Manager’s Report

Interim General Manager answered a couple of questions related to the General Manager’s Report and the board thanked the IGM, Leadership Team, and Co-op employees for their leadership over the last several months.

Adjournment

Motion to adjourn at 8:25 p.m.

Respectfully submitted,

April Harkness

Governance & Community Engagement

Rosemary Fifield

Board Secretary

Addendum I

B-GM 3 – Delegation to the GM

Report submitted by email April 28, 2020 from Victoria Fullerton

Dear Board,

The topic I've covered - B-GM 3 - garnered just a few responses, but given the straight forward descriptive nature of this policy - apart from the establishment of our 'new' Ends, I found it unnecessary to elaborate on how one would substantiate our compliance. Names missing from this compilation - found us in compliance, likely that's the case.

Below please find the critiques: (and the policy referenced - B-GM 3.4)

[B-GM 3.4: The Board may change its Ends and Executive Limitations policies, thereby shifting the boundary between Board and General Manager domains. By doing so, the Board changes the latitude of choice given to the General Manager. But as long as any particular delegation is in place, the Board will respect and support the General Manager's choices].

Responses:

-I believe that we are in compliance with B-GM 3.2, 3.3, and 3.4. However, I believe we have a problem with 3.1, because we have been operating for the last six months or so as though we have two sets of Ends policies, which we do not. Ed has done a good job of operating beneath the confusion around the Ends, but it is the Board's responsibility to provide clarity on this, and to then hold the GM responsible for operating on the Ends that we provide him. It is my read that Ed is currently operating implicitly on the old Ends; that's understandable given the Board's lack of clarity on this point, but we have a duty to correct this inconsistency. -JSH

-As the member collating this topic, I did meet with Ed. He said that apart from the changeover to the 'new' Ends in mid-summer he had found the policy in compliance. He just said that the 'new' Ends didn't affect him much given their less specific scope compared to the 'old' Ends. Although the Board had agreed that in the circumstances, it was not fair to ask him to change mid-sail, in effect the Board had, agreed to let him stay on a course directed by the 'old' Ends. It is my understanding that until the Ends Committee has completed their task engaging the member/owners on this topic, that our new GM will be operating under the direction of the 'new' Ends as they are published.

- VCJF

-I am at a loss of words for what I could possibly say except that I am awaiting the report of the Ends Committee to clarify the Ends. I am uncomfortable with the 'new' Ends and do not believe they give clear instructions of the intent of the board, nor of the values of the Co-op. Therefore it would be helpful to have an idea of where the Ends Committee's work is and of a timeline. - LB

Addendum II

Monitoring report of BG-M-global and B-GM-1

Submitted by Benoit Roisin on 16 March 2020 for Board Meeting on 25 March 2020
Deferred and re-submitted on 21 April 2020 for Board meeting on 29 April 2020

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.

Feedback from Board:

"I feel the Co-op Board of Directors has met all the interpreted requirements of B-GM Global and B-GM-1 policies." (EH)

"I cannot recall an instance in which we failed to abide with this policy within the last 12 months." (BR)
"Met" (JSH)

"I agree that, for these particular policies, we do a good job of following our own rules, with the possible exception of a committee that veered into the outreach activities that belong to operations and disrupted the employees' planned schedule of advertising and media usage, staff time, and resources." (RF)

Feedback from GM:

"Delegation has been for the most part focused and supported by the board of directors. The GM and the leadership team has been responsive to the board and communication has been active and ongoing with the board via EL's and formal meetings with the board president and committees as applicable."

B-GM 1 – Unity of Control

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

B-GM 1.1: Decisions or instructions of individual board members, officers, or committees are not binding on the General Manager except in rare instances when the Board has specifically authorized such exercises of authority.

B-GM 1.2: In the case of Board members or committees requesting information or assistance without Board authorization, the General Manager can refuse such requests that require, in the General Manager's opinion, a material amount of employee time or funds, or are disruptive.

Feedback from Board:

"I think the Board has complied with B-GM 1.1 and 1.2" (LB)

"I find ourselves in compliance." (BR)

“Met” (JSH)

Feedback from the GM:

Re. B-GM 1.1: “In general this has been adhered to. I believe that the governance coach and reporting has provided very sound structure stressing clarity, responsibilities and committee guidance. I would strongly suggest, as we operate under the Policy Governance model, that this continues and is built upon as “...These policies are the cornerstones of our policy governance system:..” “

Re. G-GM 1.2: “It is extremely important that this policy be adhered to in the strictest manner as practices outside of this can become very confusing for employees. It is quite easy for individual board members to have direct “requests” from employees and direct engagement with outside audiences that are not a “full board driven and supported” initiative that run into conflict with operational planning, messaging, strategy and tactics that are imbedded, “mapped out” and supported (financially and time resource dependent) by the operational team(s).”

BOTTOM LINE: I note words of caution from our General Manager, but these do not detract from an overall assessment of **COMPLIANCE**.

Addendum III

GP Global monitoring report

Report author: Kevin Birdsey

This report covers the period from April 2019 through April 2020.

To determine compliance, three random board packets and the minutes from those meetings were examined for evidence of each aspect of the GP Global policy. The three months examined were April 2019, November 2019, and February 2020.

Statement of policy: The purpose of the Board, acting on behalf of the Co-op members, is to set strategic, long-range direction

Evidence: The April minutes reference an Ends workshop that was subsequently held in early May. The other two month's packets contain updates from our active Ends committee so that the Ends written at that workshop can potentially be improved upon.

Also in April, we planned to have a strategic planning session with the General Manager and his leadership team, although that did not come to fruition as quickly as planned.

This is all evidence that strategy and long-range direction was a priority for our Board.

Statement of policy: [The purpose of the Board, acting on behalf of the Co-op members, is to] hire the General Manager

Evidence: In light of Ed Fox's resignation, February's meeting was largely devoted to this topic. A job description for an interim position was approved, a search committee chair was appointed, and an interim, Paul Guidone, was hired.

Hiring an executive is a critical, but rare task for a Policy Governance board. It is a positive sign that we were able to take initial steps as quickly as we did.

Statement of policy: [The purpose of the Board, acting on behalf of the Co-op members, is to] monitor organizational performance

Evidence: Our Board monitored EL policies in two of the months examined. As is standard, our board took the GM's compliance to be the same as compliance for the whole organization.

In addition to EL monitoring, we get more general updates from our GM on all aspects of the business. This update occurred in all three months examined. This department and location breakdown is very thorough each month and gives us a general overview of organizational performance. Were there a gross noncompliance of a given policy, it is unlikely that we would be surprised by the annual monitoring report of that policy. Instead, we would have likely known of the issue ahead of time via these monthly general reports.

Statement of policy: [The purpose of the Board, acting on behalf of the Co-op members, is to] monitor Board performance

Evidence: Board process policies we monitored in all three months examined. In April, the report was produced by the Governance Committee using a SurveyMonkey, as had been practice at the time. The board moved and approved to accept that report. In November and February, reports were authored by an individual director, as has been our practice this year. November's resulted in further action for the report author to take, and February's was never discussed in the meeting on account of time.

An area for improvement this indicates is to standardize what we do with self-monitoring reports. Do we need to vote to accept the report? Do we simply discuss any necessary actions? If time does not allow for discussion, can the written report alone serve as monitoring? These and other questions should be settled so that we monitor our own performance more effectively.

Statement of policy: [The purpose of the Board, acting on behalf of the Co-op members, is to] provide effective leadership using the Policy Governance process

Evidence: April's minutes saw us decide how to best utilize consulting reports by Richard Stringham of Governance Coach and also how we would communicate with him.

There was also an instance of a director suggesting a change in process citing policy as the reason for that change. This shows that we use our own policies as motivation for better process.

November saw revisions to four EL policies take place. A revision to a GP policy was discussed but not adopted.

By November we had begun to use our meeting evaluations as, among other things, a tool to assure compliance with our code of conduct policy.

Two of the examined months saw committee charters adopted. These committees put effort into writing said charters in appropriate policy format.

Also, as expected in policy, two months' packets featured updates from ongoing committees.

All of these examples show our usage of Policy Governance taking on multiple forms. By innate knowledge of what our policies expect of us, we are able to lead effectively.

Overall, there is sufficient evidence towards compliance with only one notable opportunity for improvement. I look forward to discussion on this policy at our next meeting.

Addendum IV

GP 1 monitoring report

Report author: Kevin Birdsey

This report covers the period from April 2019 through April 2020.

To determine compliance, three random board packets and the minutes from those meetings were examined for evidence of each subpolicy of the GP 1 policy. The three months examined were June 2019, July 2019, and February 2020.

GP 1 - Governing Style states the following:

The Board will govern with an emphasis on strategic leadership and outward vision.

Evidence: The documents reviewed for this report focused a good deal on Ends revision and transitioning from an outgoing general manager to an interim GM. These are forward thinking matters, and undeniably board work. There was also, amongst other things, EL, GP, and B-GM monitoring, policy revision, and an auditor's report. Setting and monitoring other (not Ends) policy types is strategic as we are mindful that policy should be kept broad and not at a level that is too narrow. Meanwhile, Ends focus on the result(s) that the members in our community receive from their business.

Further evidence of compliance is shown in regards to the subpolicies of GP 1, as shown below.

GP 1.1: The Board will be an initiator of policy that:

GP 1.1.1: is written

Evidence: June saw written revisions to Ends and EL policies. In both June and July, GP policy revisions were presented for vote by our board. This is representative of our practice to operate strictly by policy that is written.

[The Board will be an initiator of policy that] GP 1.1.2: reflects its values and perspectives about ends to be achieved and means to be avoided

Evidence: In June we voted to adopt Ends policy clearly stating for our GM what is to be achieved. We also made revisions to an EL policy that clearly stated means to be avoided. Discussion of our Ends continued in July. Achievability was inherent to that discussion.

In February, we received an update from our Ends committee. There was no indication that that committee aims to suggest Ends to the board that are unachievable. As committees help to inform the board's work, it can be inferred that this is the aim of the board as well.

There was nothing found that indicates our policies are not written clearly and it is safe to assume we strive to revise policy whenever there is a lack of clarity.

[The Board will be an initiator of policy that] GP 1.1.3: is focused on the long-term effects outside the organization.

Evidence: This can be interpreted as a reference to Ends policy, as other policy types do focus largely on effects internal to the organization. Our Ends review, very apparent in the months of June and July, is largely based in discussion of what long-term effects we write in our Ends policy. Where there has been debate, it has focused on who our stakeholder groups are. Regardless of anyone's personal feelings on that matter, long-term, the focus remains on external effects.

GP 1.2: The Board will

GP 1.2.1: encourage diverse viewpoints

Evidence: In June self-monitoring reports for the remainder of the board year were assigned to each director. This encourages diverse viewpoints by calling upon directors to think more about a given policy more than they might have before.

Not mentioned in the minutes reviewed is another practice that has been more common in recent meetings. Typically, a topic would be discussed based on hands raised. Meeting evaluations pointed out that some directors were reluctant to speak. In response, our president has begun to call on each director around the table. This seems to have a positive effect on encouraging diverse viewpoints.

[The Board will] GP 1.2.2: make collective decisions

Evidence: In June, as we approved our new Ends policy, we began by asking all directors present for feedback. This kind of roundtable discussion has become more commonplace in our monthly meetings. That said, our decisions do tend to be majority-rules votes, not always the same as collective decision-making.

[The Board will] GP 1.2.3: maintain a clear distinction between Board and GM roles.

Evidence: In June, we approved a new Ends policy. The very simple language of this new policy allows for a wider range of GM interpretation. This maintains distinct roles - our board's role of setting policy, and our GM's role of operating the business.

In all three months reviewed, the GM provides thorough reports on business operations, none of which require board decision. The information presented is within the GM's role. Likewise, governance process topics that, while the GM would weigh in on his expectations of executing the board's policies, were the board's decisions to be had.

[The Board will] GP 1.2.4: make all significant and important decisions formally by Board vote.

Evidence: In the months reviewed for this report, there were, respectively, ten, eleven, and nine decisions made by vote. These decisions range from basic, such as consent agenda approval, to significant, hiring an interim General Manager. The range of decisions and the consistent number of decisions imply that decisions made by vote is standard practice for our board.

GP 1.3: The Board will strive for excellence through:

GP 1.3.1: group responsibility

Evidence: The assignment of self-monitoring reports is a strong example of taking group responsibility.

For all three months reviewed, meeting evaluations were offered to the whole board. Results of these evaluations were delivered to the full board ahead of the following meetings. This allowed for the whole group to evaluate and take ownership of how one another views our interactions at the board table.

[The Board will strive for excellence through:] GP 1.3.2: discipline, meaning regular attendance, being prepared for meetings, following policy-making principles, and respecting one another's roles.

Evidence: Absences at the meetings reviewed broke down as follows- four absences in June, one in July, and none in February. Needless to say, the month with four absences stands out in particular because multiple items reappeared on the following month's agenda, with one, discussion of our new Ends policy, taking a substantial amount of time the following month. This is an opportunity for improvement. Perhaps for future meetings, when directors anticipate their absence, requests to attend remotely should be made.

Preparation is difficult to determine from the documents reviewed. From reports on our meeting evaluations, there appears to have been an improvement around November. Continuing to look at this in our meeting evaluations will help keep us on track.

In June and July, adoption and reexamination of our Ends seemed to become a divisive issue. That said, there is no evidence indicating that all involved did not desire to stick to sound policy- making principles. Most of all, it was the idea of capturing the best representation of what our members want that was paramount to all.

[The Board will strive for excellence through:] GP 1.3.3: Board development and orientation Evidence: Though not mentioned in the documents examined for this report, there was a new director orientation session in the month of May.

There are two major factors that show our excellence through development. The first is utilization of a consultant expertising in our chosen form of governance, providing us with objective and constructive criticism from an outsider. The second is our regular meeting self-evaluations which prompt us to evaluate and monitor our own behaviors, adjusting as needed to improve our productivity and performance.

[The Board will strive for excellence through:] GP 1.3.4: self-monitoring of the Board's process and performance.

Evidence: Of the months reviewed for this report, a GP or B-GM was discussed in only one month, June. February's agenda called for monitoring of three such policies, for one of which there was a written report, but discussion was postponed. This shows that there is a schedule

of self-monitoring, but sometimes those matters are put off to focus on matters more critical to the operation of our business.