

MINUTES July 15, 2009

Present: Margaret Drye, Paul Hoffman, Donald Kreis, Kay Litten, Corrie Martin, Janet Saint Germain, Richard Schramm

Absent: Tricia Groff, Mike Yacavone

Staff: Terry Appleby, Eugenia Braasch, Rosemary Fifield, Tony White

Guests: Mark Goehring (CDS), Bonnie Hudspeth and Jen Risley (Keene Co-op) visited to observe policy governance in action. They are working with Cooperative Development Services on a food co-op feasibility study of the Keene, NH region.

Welcome and Introductory Remarks

Kay Litten called the meeting to order at 5:30 p.m.

Agenda Review & Changes

There were no changes to the agenda.

Co-op Stories

- Janet Saint Germain recently had lunch with the president of the oldest food cooperative in the United States, located in Adamant, Vermont. She is impressed with the range of food cooperative models.
- Donald Kreis noted the 30th anniversary of President Jimmy Carter's Malaise speech, its relevance today, and distributed copies to Board members.
- Terry Appleby plans to submit a letter nominating David Thompson for membership in the Co-op Hall of Fame and the Board enthusiastically endorsed this effort.
- Paul Hoffman expressed interest in finding cooperative solutions to the health care crisis.
- Corrie Martin has been informally polling her acquaintances about their knowledge and understanding of cooperatives. She is discovering low-level awareness.
- Margaret Drye and Kay Litten noted recent experiences with excellent Co-op customer service.
- Two book recommendations were made: *Cheap: The High Cost of Discount Culture* and *Fruitless Fall*.

Approval of June 17, 2009 Minutes

MOTION: Donald Kreis moved to table the June 17, 2009 minutes and revise them, with input from the President and Secretary.

Kay Litten seconded the motion.

VOTED: To table the June 17, 2009 minutes and revise them, with input from the President and Secretary.

5 in favor, 1 opposed, 1 abstained, 2 absent. The motion passed.

During a discussion about the June minutes, some Board members suggested that the amended May minutes were too brief. The sense of the Board was that the minutes should be succinct, yet provide enough detail about what happened at the meeting to inform a person who wasn't present.

Two suggestions were made to clarify the May 20, 2009, minutes (indicated by **bold** text for the additions) to read:

“Policy Monitoring

EL2 Monitoring Report

The GM reported that indicators in the broader economy are boosting consumer confidence, leading to his assessment that the worst is over with the economic downturn in this region. **He doesn't expect a fast rebound, as customers are making some fundamental changes in their shopping patterns.**

Board members discussed the first quarter decline in sales (**the timing of Easter holiday shopping had**

an impact), Park Street gas sales (FY 2008 fourth quarter gas price declines generated a \$60K loss), the scenario for this year (is it conservative enough), the net income before taxes non-compliance determination and the associated plan for moving forward, and the long-term financing of the Lyme Road Community Market.”

Prior Month Action Items:

1. Propose a process for addressing Hanover Co-op capitalization planning next steps. (Don, Terry)
2. Revise GP 4.5 policy. (Don)
3. Identify new data measures to track EL 3.7 Good Will. (Terry)
4. Outline a process for complying with policy GP 7.4. (Kay)
5. Revise GP 2 policy. (Don, with input from Margaret and Kay)
6. Hold an on-line discussion about policy monitoring. (Margaret, all Board members)
7. Complete retreat / strategic planning worksheet by June 29. (Board)

Monitoring Reports

EL 2 Financial Condition and Performance (due to physical inventory change, rescheduled for August)
EL 4 Treatment of Customers (Terry)
EL 5 Treatment of Staff (Terry)
EL 9 Cooperative Giving Program (Terry)
GP 6 Board Member Nominating Process (Kay)
GP 8 HCCF (Kay)

401K Resolution

MOTION: Donald Kreis moved to adopt the Progress Sharing Plan and Trust Resolution.

Paul Hoffman seconded the motion.

VOTED: To adopt the Progress Sharing Plan and Trust Resolution.

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

Board members were assured that there are no financial implications to the Co-op associated with the change in platform, which allows Co-op staff to manage their 401K accounts.

Policy Monitoring

EL 4 Treatment of Customers

MOTION: Richard Schramm moved to accept the EL 4 monitoring report as in compliance.

Margaret Drye seconded the motion.

VOTED: To accept the EL 4 monitoring report as in compliance.

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

The monitoring report was commended. Board member opinions about the policy varied, some think that it is too detailed, while others believe it appropriate, clear, and measurable. The decision was made to review the CDS sample policy and draft a revision that focuses on customer satisfaction.

EL 5 Treatment of Staff

MOTION: Donald Kreis moved to accept the EL 5 monitoring report as in compliance.

Paul Hoffman seconded the motion.

VOTED: To accept the EL 5 monitoring report as in compliance.

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

The monitoring report was praised. It was noted that issues of compensation were not addressed. Under section 5.2, Conditions, the suggestion was made to present losses in Table 1, rather than as footnote 3, and to document the number of incidents.

EL 9 Cooperative Giving Program

MOTION: Margaret Drye moved to accept the EL 9 monitoring report as in compliance.

Paul Hoffman seconded the motion.

VOTED: To accept the EL 9 monitoring report as in compliance.

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

Board members sought additional context (relative to prior years) for the data presented in EL 9.1, in-kind donations. They also expressed the view that assigning an approximate dollar value to in-kind assistance to other co-ops provides a measure of commitment to cooperative commerce.

The meeting broke for dinner at 6:20 p.m.

The meeting resumed at 6:55 p.m.

GP 8 Hanover Cooperative Community Fund

MOTION: Richard Schramm moved to accept the GP 8 monitoring report with acknowledgement of non-compliance with GP 8.1.1.

Margaret Drye seconded the motion.

VOTED: To accept the GP 8 monitoring report as in compliance with acknowledgement of non-compliance with GP 8.1.1.

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

Board members discussed the committee composition and the sense of the group was that the policy provides good guidance for these fiduciary responsibilities.

GP 6 Board Member Nominating Process

MOTION: Corrie Martin moved to accept the GP 6 monitoring report as in compliance, with policy revisions.

Margaret Drye seconded the motion.

VOTED: To accept the GP 6 monitoring report as in compliance, with policy revisions.

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

The following text deletions were approved [indicated in brackets]:

GP 6.1.2 -Participation in the planning and conduct of the Annual Meeting (a few hours plus the [evening] meeting each year);

GP 6.1.6 Connect with new [(first name)] Board members...

Policy Revision

GP 2 Board Deliverables

MOTION: Richard Schramm moved to accept the revisions to the GP2 policy as amended.

Paul Hoffman seconded the motion.

VOTED: To accept the revisions to the GP2 policy as amended.

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

Board members reviewed and discussed each of the proposed changes to the policy. They supported the broader, less prescriptive approach. GP 2.1, 2.1.1-2.1.6 were substantially changed, with sections deleted. GP 2.2 and GP 2.3 were not changed. Language from Brett Fairbairn's article entitled "Three Strategic Concepts for the Guidance of Cooperatives: Linkage, Transparency and Cognition" was incorporated into the revised policy text. The approved policy text is shown below in **bold**, with deleted text in [brackets].

GP 2.1 The Board will maintain and cultivate the link between the organization and the ownership. **This will assure that:**

GP 2.1.1: Members are well-informed about the nature of the cooperative, the activities it conducts, and the results it achieves with respect to its Ends Policies.

[The principle objective of the member linkage program is to assure that the Board's Ends policies are in accord with the needs and aspirations of the Cooperative's membership.]

GP 2.1.2: Members understand the industry of which the Cooperative is a part and can consider the activities of the Cooperative in the context of relevant markets.

[The Board will employ a variety of methods on a systematic basis to achieve member linkage.]

GP 2.1.3: Members understand the different interests and stakeholders that exist within the Cooperative.

[The Board will establish a work plan that includes specific ends related lineage objectives].

GP 2.1.4: The Cooperative continually analyzes changes in its membership and its environment, regularly revisits Ends-related issues in light of such changes, and innovates to meet changing member needs.

[GP 2.1.5: Prior to the Cooperative's annual meeting each year, the Board will monitor its linkage efforts for the previous calendar year via a written report. The Board will also monitor the progress of its linkage efforts by internal written report in June of each year.]

[GP 2.1.6: The Board will support its member linkage program with an appropriate allocation of funds from the Board's budget.]

Discussion

Board Retreat Update

Date: September 27th

Time: 10:30 a.m. – 5:30 p.m.

Location: Ohana Family Camp, Lake Fairlee, Vermont

Theme/Goals:

The proposed retreat agenda focuses on the Hanover Co-op's role beyond the Upper Valley. Eric DeLuca, project manager for the Neighboring Food Cooperative Association (NFCA), has accepted an invitation to speak at the retreat. Several Board members expressed interest in understanding the needs and expectations of Hanover Co-op customers and members. Board members will review all retreat topic ideas and offer additional feedback to Kay and Mark via e-mail.

Participation at the retreat was discussed. Potential invitees include HCCS management team and members, and board members from other cooperatives.

75th Anniversary

MOTION: Corrie Martin moved to continue with the invitation process to the national speaker.

Donald Kreis seconded the motion.

VOTED: To continue with the invitation process to the national speaker.

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

The motion passed.

A proposal was considered about inviting a high profile national speaker to the Co-op's 75th Annual Meeting. Board members were intrigued with the idea, yet concerns were raised about whether a celebrity speaker would draw attention to, or detract from, the Hanover Co-op's anniversary. Additional issues also mentioned included security requirements, political partisanship, control of message, and the possibility of last minute re-scheduling. Board members expressed the desire to consider the purpose, scope, resources, and audience for the 75th anniversary activities. The 75th anniversary was characterized as particularly special because it will be the last time that HCCS members who remember founding the Co-op might be present. It is an opportunity to reflect on the history, celebrate and build on the HCCS story, and inspire the next generation of cooperators.

Meeting Adjournment

MOTION: Margaret Drye moved to adjourn the meeting at 8:37 p.m.

Richard Schramm seconded the motion.

VOTED: To adjourn the meeting.

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

The motion passed.

Respectfully submitted,

Eugenia F. Braasch
Board Administrator

Tricia Groff
Secretary

Action Items:

1. Propose a process for addressing Hanover Co-op capitalization planning next steps. (Don, Terry)
2. Revise GP 4.5 policy. (Don)
3. Identify new data measures to track EL 3.7 Good Will. (Terry)
4. Outline a process for complying with policy GP 7.4. (Kay)
5. Hold an on-line discussion about policy monitoring. (Margaret, all board members)
6. Revise EL 4, consider using the CDS sample

August Monitoring Reports

EL 2 Financial Condition and Performance (Terry)

EL 6 Compensation and Benefits (Terry)

B-GM 2 Accountability of the GM (Paul and Richard)