

MINUTES September 16, 2009

Present: Margaret Drye, Tricia Groff (left the meeting at 8:20 p.m.), Paul Hoffman, Donald Kreis, Kay Litten, Corrie Martin, Janet Saint Germain, Richard Schramm, Mike Yacavone

Absent:

Staff: Eugenia Braasch, Rosemary Fifield, Tony White

Guests:

Welcome and Introductory Remarks

Kay Litten called the meeting to order at 5:32 p.m.

Agenda Review & Changes

Two changes were made to the agenda: consideration of the GP 4 monitoring report was tabled to the October meeting and a discussion was held about the Board retreat at 8:25 p.m.

Co-op Stories

Kay, Mike, and Tony contributed Co-op stories.

Approval of August 19, 2009, Minutes

MOTION: Richard Schramm moved to accept the August 19, 2009, minutes as amended.

Paul Hoffman seconded the motion.

VOTED: To accept the August 19, 2009, minutes as amended.

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

Amendments, (approved text in **bold**, deleted text in [brackets]), were noted as follows:

Term Limits: "...Co-op Members [voted] at the 2009 Annual meeting **requested that** the Board **discuss** [to consider adopting] term limits and amend the by-laws. When asked whether they wanted to discuss term limits, a straw poll showed a Board divided about taking up the issue. [Four members did not wish to discuss it, while three were willing to talk about it.]

EL 2: "Revenue is a critically important indicator; some people **were unclear** [expressed confusion] about what sales represents, ..."

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. Hold an on-line discussion about policy monitoring. (Margaret, all Board members)
6. Revise EL 4, consider using the CDS sample. (Don)
7. Convene a retreat planning meeting. (Mike)
8. Send comments about CFO characteristics to Margaret, who will compile, distribute for Board review, and send to Terry. (Board)

September Monitoring Reports

EL 3 Asset Protection (Tony)

B-GM 3 Delegation to the GM (Janet)

GP 4 Board Members' Code of Conduct (Mike)

Annual Calendar draft

A new version of the annual calendar, which compiles Policy Notebook Appendices 1 and 2 into a single document, was drafted for Board review. The Board discussed the calendar briefly and plans to add this to next month's agenda.

GM Monthly Update

Terry Appleby was absent from the meeting because he was in Seattle, Washington attending an NCGA Board meeting. Tony White reported that the search process for the next CFO is well underway, with over 70 applications received and screened. When asked whether any of the applicants are currently employed at a Co-op organization, White replied that only one candidate has food cooperative experience. The Board discussed whether a farm team would be useful for future instances where a top employee needs to be replaced.

Nominating Committee

No report.

2010 Annual Meeting

The Board selected Saturday, April 10th, as the date for the next Annual Meeting. Board members were interested in exploring venues in Lebanon and Norwich.

2011 Annual Meeting

Negotiations are underway with Dartmouth College to use Spaulding Auditorium for a keynote address during the Co-op 75th anniversary year. Educational programs featuring cooperative themes are also being planned, leading into the 75th year.

The meeting broke for dinner at 6:15 p.m.

The meeting resumed at 6:50 p.m.

2010 Board Budget

MOTION: Michael Yacavone moved to approve the 2010 Board Budget.

Margaret Drye seconded the motion.

VOTED: To approve the 2010 Board Budget.

9 in favor, 0 opposed, 0 abstained, 02 absent. The motion passed unanimously.

The budget total is \$93, 837. (.14% forecast 2009 revenues, see attached). The budget was based on prior year levels with the following changes: 3% cost of living increase for the Board Administrator, full Board attendance at the annual CCMA conference, founding member contribution for the Local First Alliance, and continuation of the Annual Meeting & Expo event. The suggestion was made to add a Project line under the Contributions category, to support additional start-up initiatives such as the Local First Alliance.

Policy Monitoring**EL 3 Asset Protection**

MOTION: Tricia Groff moved to accept the EL 3 monitoring report as in compliance.

Don Kreis seconded the motion.

VOTED: To accept the EL 3 monitoring report as in compliance.

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

The issue of product shrinkage (loss of product through theft, damage) dominated the discussion. A question about the relevant industry standards led to descriptions of departmental and store differences, the systems in place to protect product, and mechanisms for tracking and documenting abuses. The suggestion was made to heighten awareness amongst the Co-op community about the impacts of product loss on net earnings, possibly through an article in the *Co-op News*. A question was posed about whether

the level of Directors and Operators Insurance adequately covers all board members. Appreciation was expressed for the new interpretation and data presented for EL 3.7 Good Will.

Changes were made to the monitoring report:

EL 3.5, Table 5: December 2009 was changed to 2008 on both lines. Tony White stated that he would make available the insurance reports to any Board member who would like more information.

EL 3.6, under Operational Definition /Interpretation, the statement "Compliance is shown through lack of material losses greater than industry norms", was changed to "The Board discussed that in future reports if industry norms were going to be used to determine compliance then they would like the industry norms reported explicitly."

B-GM 3 Delegation to the GM

MOTION: Janet Saint Germain moved to accept the B-GM 3 monitoring report as in compliance.

Margaret Drye seconded the motion.

VOTED: To accept the B-GM 3 monitoring report as in compliance.

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

The Board held a brief discussion about its implicit consideration of 'specified costs' (the term reflects the Co-op triple bottom line fiscal, social, and environmental components).

Policy Revision

B-GM 2 Accountability of the GM

MOTION: Richard Schramm moved to accept the B-GM 2 policy revision.

Paul Hoffman seconded the motion.

The motion to approve the proposed revision was withdrawn, pending further revision.

The goal is to frame the policy language so that monitoring reports can be in compliance. The current policy does not reflect the practice of Board – employee interactions. Two discrepancies were noted regarding the current policy text: 1) the Board has no authority over any employee other than the GM (the Board has ultimate authority over every employee), 2) the Board doesn't supervise employees (the Board has the authority and legal obligation to do so).

EL 8 Access to Products

MOTION: Don Kreis moved to delete the EL 8 policy.

Michael Yacavone seconded the motion.

VOTED: To delete the EL 8 policy.

8 in favor, 1 opposed, 0 abstained, 0 absent. The motion passed.

The deleted policy text was:

[It is not possible for the Co-op to take a position on any boycott that will reflect the views of all the Co-op's members. It is the Co-op's responsibility to provide, where possible, reliable information to support informed choice. Accordingly,

The GM shall not exclude products on the basis of a boycott.]

The majority of Board members agreed that product decisions are the purview of management. The dissenting opinion was that the EL 8 policy provided support for response to situations where products might be boycotted for political reasons.

EL 4.1 Treatment of Customers

MOTION: Don Kreis moved to accept the EL 4.1 monitoring report revision.

Michael Yacavone seconded the motion.

VOTED: To accept the EL 4.1 monitoring report revision.

5 in favor, 4 opposed, 0 abstained, 0 absent. The motion passed.

A new subparagraph, EL 4.1 was added.

EL 4.1: The GM shall not cause products to be offered for sale that are unreasonably dangerous to human health.

The objective of the revised policy is to require management to evaluate whether any products are unreasonably dangerous and to document why. Tony White reminded the Board that the hybrid product mix is essential to the Hanover Co-op's success, that healthy choices are promoted within that context, and Co-op customers have a wide array of individual health issues. The Board discussed whether this policy could add more opportunity for member linkage and also for more discussions with the GM regarding product choices. The Board also discussed that this policy allows for the GM to define 'unreasonably dangerous' in any terms he sees as appropriate.

GP 4.5 Board Members' Code of Conduct

MOTION: Don Kreis moved to accept the GP 4.5 policy revision.

Corrie Martin seconded the motion.

VOTED: To accept the GP 4.5 policy revision.

7 in favor, 0 opposed, 1 abstained, 1 absent. The motion passed.

The revised policy requires the Co-op to identify the legal authority for any request of personal information. The revised text states:

Board members are not required to provide any personal data to the Co-op as a condition of Board service, except insofar as the Co-op requires such information to comply with applicable federal or state law. Board members must provide such information and otherwise comply with applicable legal requirements when the Co-op identifies the specific statute or rule involved and furnishes the applicable forms and instructions.

Retreat Planning

Mark Goehring will serve as the facilitator of the Board retreat at Camp Ohana on September 27th. Each board member was encouraged to identify two topics as priorities for discussion.

Executive Session

The meeting adjourned to Executive Session at 8:27 p.m., to discuss the General Manager annual review.

Meeting Adjournment

MOTION: Mike Yacavone moved to adjourn the meeting at 9:15 p.m.

Margaret Drye seconded the motion.

VOTED: To adjourn the meeting at 9:15 p.m.

8 in favor, 0 opposed, 0 abstained, 1 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. Outline a process for complying with policy GP 7.4. (Kay)
3. Hold an on-line discussion about policy monitoring. (Margaret, all board members)
4. Revise EL 4, consider using the CDS sample. (Don)

5. Send comments about CFO characteristics to Margaret, who will compile, distribute for Board review, and send to Terry. (Board, deadline Sept. 25)

October Monitoring Reports

EL 2 Financial Condition and Performance (Terry)

EL 7 Communication and Counsel to the Board (Terry)

EL 11 Tobacco (Terry)

B-GM 4 Monitoring GM Performance (Kay)

GP 4 Board Members' Code of Conduct (Mike)

Professional Fees		Budgeted	notes
7750-90-97	Legal Assistance	2,500.	
7750-90-97	Technical Assistance/Consultants	6,000.	
7000-90-97	Board Administrator Wages Benefits (50%)	<u>29,137.</u>	(3% cost of living increase)
	SubTotal	37,637.	
Insurance			
7483-90-97	Directors and Officers Insurance	<u>11,000.</u>	
	SubTotal	11,000.	
Board Development			
7500-90-97	CCMA program registration	6,650.	(est. registration, entire board)
7500-90-97	Training; Retreat	3,000.	
7850-90-97	Books, Supplies, Misc.	<u>250.</u>	
	SubTotal	9,900.	
Member Linkage			
7260-90-97	Annual Meeting	3,750.	(based on actual cost 2009)
7295-90-97	Printing		
7280-90-97	Surveys and Market Research		
7375-90-97	Other Linkage Activities	<u>15,000.</u>	
	SubTotal	18,750.	
Contributions: Cooperative and Community Support			
7290-90-97	CGIN	100.	
7290-90-97	King Award	1,150.	(for 2 people)
7290-90-97	HCCF distribution	0.	(based on Twin Pines disbursement)
7290-90-97	Local First Alliance	2,000.	
7290-90-97	Project Start-up	0.	
7290-90-97	Support for other Co-ops		
	Neighboring Food Co-op Association Dues	<u>500.</u>	
	SubTotal	3,750.	
Equipment			
7420-90-97	Equipment	<u>1,000.</u>	
	SubTotal	1,000.	
Travel and Entertainment			
7910-90-97	Monthly Board Meeting Food	2,700.	(based on actual costs 2008-09)
7910-90-97	Travel, Meals and Entertainment (CCMA)	<u>9,350.</u>	(est. travel, entire board)
	SubTotal	12,050.	
General Contingencies			
7900-90-97	Contingencies	<u>5,000.</u>	
	SubTotal	5,000.	
Total Board Expenses		\$93,837.	