

MINUTES October 21, 2009

Present: Margaret Drye, Tricia Groff (arrived at 6:00 p.m.), Donald Kreis, Kay Litten, Corrie Martin, Janet Saint Germain, Richard Schramm, Mike Yacavone

Absent: Paul Hoffman

Staff: Terry Appleby, Eugenia Braasch, Loretta Land, Tony White

Guests: Chris Newton (Co-op member)

Welcome and Introductory Remarks

Kay Litten called the meeting to order at 5:30 p.m. and introduced the guest, Chris Newton.

Agenda Review & Changes

EL 7 and GP 4 policy monitoring was postponed to the November meeting.

Co-op Stories

All Board members related Co-op activities during October, 'CO-OP month'.

Approval of September 16, 2009, Meeting Minutes

MOTION: Margaret Drye moved to accept the September 16, 2009, minutes as amended.

Mike Yacavone seconded the motion.

VOTED: To accept the September 16, 2009, minutes as amended.

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

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

GM Monthly Update: "The Board discussed whether a [development] '**farm**' team would be useful..."

Policy Revision, B-GM 2 Accountability of the GM:

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

Paul Hoffman seconded the motion.

Prior Month 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 policy B-GM 2.
5. Send comments about CFO characteristics to Margaret, who will compile, distribute for Board review, and send to Terry.

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)

Discussion

Human Resources

Loretta Land briefed the Board about the change in human resource focus, from a transactional towards a strategic orientation. Record keeping remains a large component of HR activity, yet this information is now used for program planning. HR has begun the transition to self-service benefits. Health care benefits are a very challenging area. On October 1st, the platform conversion was completed for the Co-op 401K program, enabling on-line access for employees to monitor their American Fund accounts.

Updates

2nd Regular Membership Meeting

MOTION: Don Kreis moved to cancel the 2nd Regular Membership Meeting for the current year.

Margaret Drye seconded the motion.

VOTED: To cancel the 2nd Regular Membership Meeting.

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

The Co-op Bylaws (article VI, section 2) require formal Board consideration of a second regular membership meeting.

2010 Annual Meeting

MOTION: Michael Yacavone moved to continue the development of the 2010 annual meeting at the Richmond School, Hanover.

Tricia Groff seconded the motion.

VOTED: To continue the development of the 2010 annual meeting at the Richmond School, Hanover.

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

2011 Annual Meeting

No report.

2009 Annual Audit

Michael Yacavone told the Board that he plans to contact Jay Simms soon about conducting the 2009 Annual Audit.

Nominating Committee

The nominating committee held its first meeting last week. Candidate packet materials were reviewed and will be revised. The committee decided to let candidates select topic(s) of choice for their published statements and will discontinue the practice of responding to a common set of pre-determined questions in the *Co-op News*.

Several Co-op members have expressed their interest in running for the Board. Don Kreis recently contacted Steve Bentley, CEO, Upper Valley Credit Union, about building governance level ties between the two organizations. Michael Yacavone informed the Board that, having served four terms, he will not run for re-election. All expressed their appreciation for his long-term service to the Co-op.

A brief discussion ensued about whether the final slate requires Board approval. While the bylaws don't specify this, some Board members felt that there is an expectation of Board involvement in the final slate review/approval process. The sense of the meeting was to continue this discussion next month.

The meeting broke for dinner at 6:25 p.m.

The meeting resumed at 6:55 p.m.

Discussion

Retreat Follow-up

Board members reflected on the topics discussed at the recent retreat, in relation to the Ends statements. Board discussion centered on (a) ensuring the Co-op's future as a thriving business entity (with fiscal, social, and environmental bottom lines, affordability & pricing concerns, case studies of other co-op failures, future store expansion possibilities), and (b) food supply concerns (the Co-op's role in fostering the continued growth of a vibrant local agricultural economy, local buying practices, emergency planning, food safety, and the impacts of corporate agri-business). Board members also expressed a desire to hold regular dialogue events with members. This strategic discussion will continue at the November meeting.

Policy Monitoring

EL 2 Financial Condition and Performance

MOTION: Tricia Groff moved to accept EL 2 monitoring report w. acknowledgement of non-compliance. Margaret Drye seconded the motion.

VOTED: To accept the EL 2 monitoring report w. acknowledgement of non-compliance.

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

In response to questions about the Lyme Road store performance, Terry noted that the pro forma projected losses for the first two years, that sales were on target, product lines are being adjusted, and the market is still building (w. future 260 housing units due to be completed in the neighborhood. Labor expenses are significantly lower, margin management is improved, leading to his assessment of ending the year profitably. Given the current volatile economic climate, there is a lot of debate about forecasting FY 2010 consumer behavior and profitability. A board member commented that the current ratio (above 1) and debt level indicate that the Co-op is very responsive to the market environment. Concern was expressed about changes to the P& L statement format, making year-to-year comparisons difficult. The GM was asked to provide (1) a full year forecast comparison, (2) year to year comparisons, (3) a single consolidated financial narrative, (4) explanations of financial terms, margins, and ratios.

EL 7 Communication and Counsel to the Board

The policy monitoring was postponed until the November meeting.

EL 11 Tobacco

MOTION: Michael Yacavone moved to accept EL 11 monitoring report as in compliance.

Tricia Groff seconded the motion.

VOTED: To accept the EL 11 monitoring report as in compliance.

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

B-GM 4 Monitoring the GM

MOTION: Margaret Drye moved to accept the B-GM 4 monitoring report as in compliance.

Janet Saint Germain seconded the motion.

VOTED: To accept B-GM 4 monitoring report as in compliance.

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

Board members noted that monitoring the GM is a process as well as an outcome. The B-GM 4 policy defines how to gauge GM performance outcomes, yet it doesn't capture the Board-General Manager interpersonal dynamics, which are usually documented and discussed confidentially during the annual GM performance review. It was noted that GM performance is affected in part by events over which the

GM has no control (such as economic upturns or downturns) and that GM performance evaluation should take such events into consideration.

GP 4 Board Member Code of Conduct

The policy monitoring was postponed until the November meeting.

Policy Revision

GP 7.4 Monitoring Board Performance

MOTION: Margaret Drye moved that the Board has disclosed self-evaluation compliance information to the membership during the past year.

Corrie Martin seconded the motion.

After a brief discussion about whether monitoring the set of GP policies is equivalent to Board self-evaluation, and to what degree the Co-op membership is concerned with Board performance monitoring, the motion was withdrawn.

MOTION: Corrie Martin moved to revise the text of GP 7.4.

Janet Saint Germain seconded the motion.

VOTED: To revise the text of GP 7.4

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

The revised text is (deleted text in [brackets]):

“The Board will disclose [self-evaluation] compliance information to the membership [annually].”

Executive Session

MOTION: Kay Litten moved to go into Executive Session to discuss a personnel matter.

Margaret Drye seconded the motion.

VOTED: To go into Executive Session to discuss a personnel matter.

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

The Executive session began at: 9:02 p.m.

The Executive session ended at: 9:15 p.m.

Adjourn

MOTION: Margaret Drye moved to adjourn the meeting.

Corrie Martin seconded the motion.

VOTED: To adjourn the meeting.

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

The meeting was adjourned at: 9:25 p.m.

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. Hold an on-line discussion about policy monitoring. (Margaret, all Board members)
3. Read handout “Thinking Strategically” by Marshall Kovitz. (Board members, November meeting)

Monitoring Reports: November

EL 7 Communication and Counsel to the Board (Terry)

EL 10 Appropriate Architecture and Design (Terry)

GP 4 Board Member Code of Conduct (Mike)

GP 5 President’s Role (Kay)