

## MINUTES December 16, 2009

**Present:** Margaret Drye, Tricia Groff (arrived at 5:45 p.m.), Paul Hoffman, Donald Kreis, Kay Litten, Corrie Martin (left at 8:25 p.m.), Janet Saint Germain, Richard Schramm, Mike Yacavone

**Absent:**

**Staff:** Terry Appleby, Eugenia Braasch, Tony Alongi, Tony White

**Guests:** Brock Barton, John Boutin, Casey Murray, Rick Rebman, Sarah Apgar Smith  
(Co-op members who are interested in board candidacy)

### **Welcome and Introductory Remarks**

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

### **Agenda Review & Changes**

The discussion about the local food system and industrial agriculture was postponed.

### **Co-op Stories**

Don Kreis observed that there is a "deeply rooted cooperative consciousness in our community" illustrated by his meeting with a group of students from Richmond Middle School who, as part of an interscholastic competition, were developing a business plan for a consumer co-op that would own pickup trucks for its members to share.

Other Board members related positive experiences at the stores with product sampling and purchasing. Tony White reported that he completed the first semester of the Co-op management masters program.

### **Approval of November 18, 2009, Meeting Minutes**

MOTION: Margaret Drye moved to accept the November 18, 2009, minutes.

Janet Saint Germain seconded the motion.

VOTED: To accept the November 18, 2009, minutes.

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

### **Prior Month 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. Revise EL 4, consider using the CDS sample. (Margaret, Don, Mike)

### **December Monitoring Reports**

EL 1 Planning (Terry)

GP 9 Working with Neighboring Co-ops (Kay)

Updates

### **Nominating Committee**

The candidate recruitment process is well underway and the committee is pleased with the level of member interest this year. Next steps include: selection of the slate for Board approval at the January meeting, and submission of candidate statements for publication in the winter *Co-op News*.

### **2011 Annual Meeting**

Negotiations for the use of the Hopkins Center at Dartmouth College are underway. The next meeting will be held on December 21<sup>st</sup>. Don Kreis indicated his interest in serving on the planning committee.

### **2010 Annual Audit**

Michael Yacavone held a wide-ranging discussion with Jay Simms at the pre-engagement meeting on December 1<sup>st</sup>. They spoke about the audit timeline, as well as the practice that some organizations have of regularly rotating audit firms. Mike recommended that it would be in the best interest of the Hanover Co-op to maintain the continuity of services that Tyler, Simms & St. Sauveur provides. He said that the accounting firm's peer review oversight boards are not concerned about the long-term relationship. It was noted that, should the Co-op decide to work with a different firm in the future, Gallagher Flynn & Co also has experience working in the food cooperative sector.

### **CBLD 2010 Contract**

MOTION: Michael Yacavone moved to approve the CBLD contract for 2010.

Margaret Drye seconded the motion.

VOTED: To approve the CBLD contract for 2010.

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

A brief discussion was held about the contract components. Board members agreed to engage the CDS, with Mark Goehring serving as the primary consultant. The Board intends to invite a different person to conduct the 2010 annual retreat. Kay Litten will contact Mark to finalize the contract, asking him to shift the hours proposed for the retreat to other areas.

### **CFO Signature Resolution**

MOTION: Richard Schramm moved to approve the CFO signature resolution.

Don Kreis seconded the motion.

VOTED: To approve the CFO signature resolution.

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

The resolution stated:

RESOLVED, that effective as of the opening of business on January 3, 2010, **Roy Raven** is removed as an authorized signatory for checking accounts for the Hanover Consumer Cooperative Society, Inc.; and be it further

RESOLVED, that effective as of the opening of business January 3, 2010, **Anthony Alongi** is hereby appointed as an authorized signatory for checking accounts; and be it further

RESOLVED, that the Secretary of the Company is hereby authorized to execute any documents necessary and to make such changes therein as may be required or which she may deem appropriate, to take any other actions which she deems necessary or desirable or proper to carry out the intent of the foregoing Resolutions.

### **401K Progress Sharing Resolution**

MOTION: Richard Schramm moved to approve the 401K Progress Sharing resolution.

Don Kreis seconded the motion.

VOTED: To approve the 401K Progress Sharing resolution.

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

The resolution stated:

RESOLVED, that effective as of the close of business on December 31, 2009, **Roy Raven** is removed as Trustee for the Hanover Consumer Cooperative Society, Inc. Progress Sharing Plan and Trust (the "Plan"); and be it further

RESOLVED, that effective as of the opening of business January 1, 2010, **Anthony Alongi**, is hereby appointed as Trustee for the Plan; and be it further

RESOLVED, that the Secretary of the Company is hereby authorized to execute any documents necessary and to make such changes therein as may be required or which she may deem appropriate, to take any other actions which she deems necessary or desirable or proper to carry out the intent of the foregoing Resolutions.

The meeting broke for dinner at 6:10 p.m.

The meeting resumed at 6:45 p.m.

### **GM Monthly Update**

It was noted that there was a 10% decline in gallons pumped at the Service Center and a question was raised about this drop in demand. The GM responded that the price of gas is up \$.53/gallon relative to this time last year.

### **Policy Monitoring**

#### **EL 1 Planning**

MOTION: Donald Kreis moved to accept EL 1 monitoring report as in compliance.

Janet saint Germain seconded the motion.

VOTED: To accept the EL 1 monitoring report as in compliance.

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

Board members discussed the two supporting documents to the EL 1 monitoring report: the strategic and business plans. They spoke about the factors that impact gross profit margins, consumer attention to price, and the goal of educating people about the true cost of food production. During 2009, the Co-op addressed the challenging economic conditions and achieved some of the best margins ever through staff training, improved analytical software, and volume sales of key products. Focus on blended margins is also making a big impact. It was also noted that the expenses listed below the gross margin line are what make the Co-op operation different from other grocery businesses.

Noting the below budget performance during the past two years, along with anticipated health care expense increases, the GM was asked about his scenario for the Co-op if it is running below budget at mid-year. He responded that there will be continued focus on open book management and improved operations; addressing price concerns and increasing the member base through developing member-only sales benefits; review of alternative health care plans; and continuation of level funded wages. With the appointment of the new CFO, he anticipates improvements in financial systems (reporting and analysis), development of capitalization recommendations, and research into member equity programs.

Suggestions were made to conduct a sensitivity analysis, to continue to promote the Co-op values, to educate Board members about open book management, and to develop a clear strategy and business plan about pricing.

**GP 9 Working with Neighboring Co-ops**

MOTION: Margaret Drye moved to accept the GP 9 monitoring report as amended.

Tricia Groff seconded the motion.

VOTED: To accept the GP 9 monitoring report as amended.

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

Board members agreed to the following amendments (additions in **bold**, deletions in [brackets]):

Operational Definition / Interpretation:

I interpret GP 9 as an explicit instruction [to the president and the general manager] to maintain active involvement in the Neighboring Food Co-ops Association (NFCA, formerly the Connecticut Valley Neighboring Cooperatives, or CVNC) **and other co-ops**, and to assure that a significant component of NFCA involves Ends work.

Table 2: Hanover Co-op [Visits] **Contact** with other Co-ops  
[7.15.09 Adamant Co-op Janet Saint Germain]

The monitoring report clearly demonstrated a significant level of productive, cooperative engagement with neighboring co-ops and the Neighboring Food Co-ops Association.

**Executive Session**

MOTION: Kay Litten moved to enter into Executive Session at 8:05 p.m.

Tricia Groff seconded the motion.

VOTED: To enter into executive session.

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

To discuss a business opportunity.

MOTION: Kay Litten moved to end the Executive Session at 9:30 p.m.

Tricia Groff seconded the motion.

VOTED: To end the executive session.

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

**Authorization of General Operating Funds**

MOTION: Paul Hoffman moved to authorize the GM to spend up to \$10K for a market study if he deems it appropriate.

Richard Schramm seconded the motion.

VOTED: To authorize the GM to spend up to \$10K for a market study if he deems it appropriate.

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

**Adjourn**

MOTION: Tricia Groff moved to adjourn the meeting.

Paul Hoffman seconded the motion.

VOTED: To adjourn the meeting.

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

The meeting was adjourned at: 9:32 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. Revise EL 4. (Don, Mike, Margaret)

**Monitoring Reports: January**

B-GM Global (Richard)

