

DRAFT MINUTES, April 26, 2017

- Present:** Dana Grossman, Kevin Birdsey, Harrison Drinkwater, Ed Howes, William Craig, Anthony Roisman, Victoria Fullerton
- Participating non-voting:** Benoit Roisin, Elizabeth Blum (temporarily non-board members)
- Staff:** Ed Fox, General Manager, Paul Guidone, Director of Finance; April Harkness, Board Administrator, Samantha Estes, Category Merchandiser
- Members:** Don Kreis, Thomas Battles, Ann Shriver Sargent, Diane Guidone

Tony called the meeting to order at 6:00 p.m. in the Culinary Learning Center, Lebanon store, NH.

Consent Agenda: March 22, 2017 Meeting Minutes, and March 2017 Share Redemption Request

MOTION: Dana Grossman moved to accept the March 22, 2017 meeting minutes.

Harrison Drinkwater seconded the motion.

VOTED: 7 in favor, 0 opposed. The motion passed.

MOTION: Kevin Birdsey moved to approve the March 2017 Share Redemption Request.

William Craig seconded the motion.

VOTED: 7 in favor, 0 opposed. The motion passed.

MOTION: Dana Grossman made the motion to recommend that Liz Blum and Benoit Roisin, though not currently official board members, but likely to be continuing board members once election results are in, be able to participate in the board discussion at the meeting, but not be able to vote.

Ed Howes seconded the motion.

VOTED: 5 in favor, 1 opposed, 1 abstained. The motion passed.

General Manager Update

Ed Fox referred the board to Appendix B – *Lebanon Store Plan* and Appendix G – *Commissary Business Plan*.

Victoria asked about the rearrangement of the store and the how decisions are made about hot case themes, for example. She asked whether surveys have been done and whether or not the themes provide a good representation for all shoppers. Ed Fox said that the decisions are made in a manner that provides consistency for returning customers.

Liz suggested that the Commissary (now called the Co-op Kitchen) reach out to Dartmouth to help provide catering services for the many student events. Samantha Estes said that the catering growth has already occurred and that the Co-op Kitchen is looking into changes to the catering menu and considering the best options. Dana pointed out that Dartmouth has a list of approved caterers and the Co-op may not be on that list. Sam said that the Co-op does meet the minimum insurance requirements for the College.

Policy Monitoring (click [here](#) for link to the Co-op's Policies below)

Monitoring Report: EL 2 – Financial Condition and Performance

Harrison asked about the EL 2 compliance policy and specifically that it states that the report and compliance relate to a yearly summary, rather than quarterly as it's presented in the report. Ed Fox and his team are suggesting re-wording the policy to better reflect the financial condition of the Co-op on a quarterly and annual basis.

Harrison suggested that the board create a more disciplined way to deal with suggested policy changes to ensure they are done and in a timely manner. Tony suggested that the discussion be held off until the May meeting, when the board is at full capacity. Tony said that an EL and GP review committee should exist, but it does not currently, and in the interim, a board member can simply put together a motion and send it to the Board Administrator as an agenda item for an upcoming board meeting. Ed Fox said that he and Paul have suggested language changes already and will provide them to the board for the May agenda.

Dana agrees that, while monitoring EL 2 on a quarterly accounting is wise, she is concerned that measuring success each quarter, prevents Board and management from taking a more appropriate long-term view of the Co-op's financial performance.

Victoria noted that retail stores are closing and believes the board should be more forward thinking than reactionary when it comes to the food business and price deflation. Ed Fox said that's what we're doing now and Paul reiterated that the budget is monitored daily and monthly financial review meetings with managers and merchandisers are taking place. Paul also stated that the budget assumes 0% for price inflation. One action being taken ongoing discussions with top vendors to create better balanced partnerships that allow for more awareness around pricing. Paul created analyses last year, and continues them this year, that monitors sales, foot traffic, basket size and target margins daily and sends those numbers out at least weekly. It is a balance between current profit, patronage and growth for the future.

There were clarifying questions on capital expenditures and non-capital expenditures. Paul said that the Co-op spent \$968,000 on capital equipment last year, however it's not reflected as capital equipment on the project list, rather it's expensed under equipment and maintenance.

Tony asked if the Co-op would have to come to the board for approval to purchase the equipment for the Commissary. Paul said no that would not be necessary as the Coop has cash on hand and the line of credit the Board approved last year.

Dana asked about how the product mix is determined at the stores, particularly the Hanover store since the renovation. There are concerns in the public about no longer being able to find items at the Co-op and shopping elsewhere. Ed Fox said that there is a new center of store manager who has added close to 100 new items. Tony asked how the mix of items is evaluated and what the criteria is to make those decisions. Ed said that he'll follow up and have

merchandisers come to the board meeting in June to talk about the Hanover store product mix. Ed Howes reminded the board that they cut 30% of shelving at the Hanover location based on member feedback and market trends to have more perishables.

MOTION: Kevin Birdsey moved to accept EL 2 as in compliance.

Dana Grossman seconded the motion.

VOTED: 5 in favor, 1 opposed, 1 absent. The motion passed.

Member Comments

Liz pointed the board to a report from Allan Reetz about the film *Forgotten Farms*. She said that it's a local film about local farms that are struggling. She said it's beautifully shot and that the Co-op is collaborating with the Upper Valley Land Trust to bring the film to the Brigg's Opera House on May 17th. There will be a panel discussion and she hopes the board members will help get the word out and come to the event.

Don Kreis urged the board to be cautious about making changes to the language regarding the EL 2 monitoring and compliance. He said that while the Co-op is experiencing negative sales growth, there should not be less frequent and rigorous monitoring of finances. He also asked how managers project sales. Paul said that sales are not the criteria for the Co-op budgets, but it's actually savings before tax. Paul also clarified that the intent of the EL 2.5 language change is to create more frequent monitoring (quarterly, rather than annually), not less frequent monitoring. He also encouraged current and future board members to participate in a financial education session with him before or during their tenure on the board.

Charitable Giving Committee

Benoit Roisin is the Chair of the newly formed Charitable Giving Committee and Harrison is also on the committee. Tony will reach out to Jane McCarthy, the member that suggested the committee at the Annual Meeting in April. The purpose of the committee is to help ascertain how the Co-op decides what types of organizations will be the recipients of their charities, including Pennies for Change and the Hanover Consumer Cooperative Fund. It is not replacing the committees that are already established to make these decisions, just to provide guidance with how to set criteria to make the charitable giving decisions.

Hanover Consumer Cooperative Fund Advisory Committee update (Appendix E)

Harrison reported that the Advisory Committee has met twice and is continuing to lay the foundation for a scholarship fund in honor of the Gerstenberger family and their contributions to the Hanover Co-op over the years. He will report back to the board in June.

Nominating Committee update

Ed Howes said that he will assist with ballot counting after voting closes on April 30th. The Co-op needs 350 members to vote in order to make the election valid per the Co-op bylaws. Tony urged all members to vote, whether or not it's a contested election. Tom Battles noted that many people didn't understand how to vote. There was discussion about how to make voting easier for the members, including a look-up computer at each store for members to find their membership information. Don Kreis also thanked

the Nominating Committee for a much improved process this year and more positive and lively conversation about the Co-op during his candidacy.

Member Engagement/Treatment of Employees Committee update (Appendix F)

Victoria said that the Committee has met once and will meet again in early May. She will introduce a new member, Dan Wilson, who is an Assistant Manager in a busy department in the Lebanon store. She said a predominate issue is the “at-will” language in the Employee Handbook and that Lori Hildbrand was checking with an attorney to see if that wording could be changed in our handbook. Ed Fox asked Lori to present the results of those conversations with the attorney at the next committee meeting and Tony asked that she email those results to the committee as soon as possible.

New Business:

Tony Roisman said that there is money in the board budget to have CDS Consulting provide board orientations for new board members. Ed Howes, Dana and Harrison all feel it would be a good idea to have this training as a good source of information for beginners to get them up to speed and understanding Policy Governance. Tony asked the Board Administrator to get in touch with the contact at CDS and arrange for the session.

ADJOURNMENT:

MOTION: Harrison Drinkwater moved to adjourn the meeting at 8:00 p.m.

Bill Craig seconded the motion.

VOTED: 7 in favor, 0 opposed. The motion passed.

Respectfully submitted,

April Harkness
Board Administrator

Harrison Drinkwater
Board Secretary