

MINUTES September 24, 2014

Present: Kerry Artman, Michael Bettmann (left at 6:30 p.m.), Sarah Blum, Margaret Drye, Zeb Mushlin, John Rosenquest, Susan Sanzone Fauver, Wynne Washburn Balkcom
Absent: Martha Graber, Kay Litten
Staff: Terry Appleby, Eugenia Braasch, Rosemary Fifield, Steve Miller, Tony White
Guest: Marilyn Scholl, CDS Consulting Co-op
Members: 64 people attended the comment portion of the meeting.
Members: 11 people attended the business portion of the meeting after the dinner break.

Welcome

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

Agenda Review & Changes

The EL 5 policy revision discussion started the meeting.
There was no Executive Session.

Co-op Stories

Postponed until next month.

August 6, 2014, September 9, 2014, Executive Session Minutes

MOTION: John moved to approve the August 6, 2014, and September 9, 2014, Executive Session minutes, as written.

Zeb seconded the motion.

VOTED: To approve the August 6, 2014, and September 9, 2014, Executive Session minutes, as written.
8 in favor, 0 opposed, 0 abstained, 2 absent.

The motion passed.

August 27, 2014, Meeting Minutes

MOTION: Michael moved to approve the August 27, 2014, minutes, as written.

Susan seconded the motion.

VOTED: To approve the August 27, 2014, minutes, as written.

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

The motion passed.

EL 5 Treatment of Staff Policy Review

A draft of proposed policy changes was distributed to everyone at the meeting:

The proposed policy revisions are shown below; the current policy text is on the left, with text [deletions in brackets], and the proposed new text is on the right, with text **addition changes in bold type**.

EL 5 – Treatment of Staff

The General Manager shall not treat staff in any way that is unfair, unsafe, unclear or inconsistent with the Cooperative Values and Principles.

The GM [will not]:

The GM **shall not fail to**:

EL 5.1: Operate without written personnel policies that:

- a. Clarify rules for staff.
- b. Provide for fair and thorough handling of

EL 5.1: Operate **with** written personnel policies that:

- a. Clarify rules **and employment expectations** for staff
- b. Provide for fair and thorough handling of

grievances [in a way that does not include the board as a participant in the grievance process].

- c. Are accessible to all staff.
- d. Inform staff that employment is neither permanent nor guaranteed.

EL 5.2: [Cause or allow] personnel policies [to be inconsistently applied].

EL 5.3: [Leave] employees unable to participate meaningfully in achieving business success for their departments, their stores, and the cooperative as a whole.

EL 5.4: [Fail to] maintain objective, quantifiable measures of employee opinion and to report the results to the Board at least every three years.

EL5.5: Provide for [inadequate] documentation, security and retention of personnel records and all personnel related decisions.

grievances **under a system of grievance handling in which the GM is the ultimate decision-maker and in which the Board plays no role.**

- c. Are accessible to all staff.
- d. Inform staff that employment is neither permanent nor guaranteed.

EL 5.2: Apply personnel policies in a consistent fashion.

EL 5.3: Permit employees to participate meaningfully in achieving business success for their departments, their stores, and the cooperative as a whole, **in part through appropriate training programs for new employees and employees new to their positions.**

EL 5.4: Maintain objective, quantifiable measures of employee opinion and to report the results to the Board at least every three years.

EL5.5: Provide for **adequate** documentation, security and **centralized** retention of personnel records and all personnel related decisions.

EL 5.6: Provide a thorough training program for all management/supervisory personnel concerning the effective handling of performance and discipline issues.

EL 5.7: Implement a probationary period of 6 months' duration for new employees.

EL 5.8: Provide for a flexible and progressive corrective disciplinary system applicable to employees who have completed their respective probationary periods that:

- a. allows employees the opportunity to correct behavior reasonably amenable to corrective discipline without infringing on the GM's right to suspend or discharge employees immediately for serious violations of law, policy, or common sense**
- b. advises employees of the reason(s) for any disciplinary actions taken, including discharge, and**
- c. reserves to the GM the sole right to determine what constitutes proper cause for disciplinary action, including discharge.**

EL 5.[6]: Authorize compensation and benefits that are internally or externally [inequitable].

EL 5.9: Authorize compensation and benefits that are internally or externally **equitable**.

EL 5.[7]: [Pay] any employee bonus, establish or modify any incentive plan for employee compensation, or provide for any program of employee discount[without advance disclosure to the Board].

EL 5.10: **Advise the Board prior to paying** any employee bonus, establish or modify any incentive plan for employee compensation, or provide for any program of employee discount.

EL 5.[8]: [Change] the GM's own compensation and benefits, except as his or her benefits are consistent with a package for all other employees.

EL 5.11: **Refrain from changing** the GM's own compensation and benefits, except as his or her benefits are consistent with a package for all other employees.

This policy shall be monitored annually by internal report of the GM to the Board [as part of the GM's annual review].

This Policy shall be reviewed by the Board at least annually by internal report of the GM to the Board and/or by such other monitoring mechanism as the Board may from time to time request.

John reviewed the changes, noting that a range of opinions were expressed within the policy task force, which has worked diligently to prepare the present draft. He said that the policy revisions are intended to be fair, be transparent, honor individual circumstances, and identify / correct problems or job performance. He noted that when modifying policy such that it places greater limitations on the general manager, there is a need to avoid lock-step formalism, which could become as unworkable as no system at all.

Board members asked whether (1) the task force had researched best practices at other Co-ops, (2) preservation of "At Will" termination as defined by State of New Hampshire law was desirable, (3) it was reasonable to extend the probationary period, and (4) adequate resources are available to implement modifications to the HR processes, systems, and associated staff training. Task force members responded affirmatively to all of the questions.

Next steps include: review the Co-op policy and personnel handbook for alignment, identify metrics for the policy, and discuss consequences of changes to the policy with management and human resources staff, to avoid unintended consequences. At the urging of the members, the Board agreed to bring the proposed policy revisions for a vote at the next meeting on October 22nd if possible.

Member Comments

Thirteen members offered their views. One member presented policy revision recommendations intended to address (1) information flow within the Co-op, (2) the "At Will" law of the State of New Hampshire, and (3) the root causes of the damage to the Co-op reputation. Another person cautioned that policies drafted in response to specific incidents often don't serve well for the long-term and that policy governance is an iterative process that takes time, particularly when member input is incorporated into the Board's deliberative process. Co-op President Margaret Drye briefly described the Policy Governance model that the Board uses as its governance framework. A dialogue ensued about 'at will' and 'just cause' termination in various employment environments, both unionized and non-union. A member requested that the Board make EL 5 policy revisions retroactive to January, 2014, and to reinstate Mr. Boutin and Mr. King. Members asserted that the Co-op lacked an adequate grievance process. Proposals were suggested to address the issues of employee voice, peer review, and staff representation in the policy appeals process, including an arbitration panel and an ombudsman, to assist with handling employee complaints and determining what is fair. The Board and General Manager responded that mechanisms are in place for grievance process, as well as regular third-party assessment of staff satisfaction (the 2013 survey yielded a 94% response rate). General Manager Terry Appleby said that he is required to present data in his reports to the Board and that anonymous, anecdotal claims about staff dissatisfaction are of

little or no value. A member asked whether a policy provision was considered to grant employee access to their personnel file (this being a matter of State of New Hampshire law, therefore wasn't discussed). A member requested that the Board respond to the member petition submitted at the July, 2014, meeting.

The meeting broke for dinner at 7:00 p.m.

The meeting resumed at 7:25 p.m.

Update

General Manager Update

Capital projects:

1. The Co-op signed a 10 year lease for the White River Jct. store; in return, the landlord agreed to make upgrades to improve the facility's energy efficiency as well as parking lot drainage and paving.
2. The Hanover South Park Street store remodeling project start date was delayed, pending the Town of Hanover inspection. The goal is to pour concrete prior to cold weather.
3. The Service Center gas tanks must be replaced. Negotiations are currently underway with the fuel supplier for a fifteen-year agreement. Terry noted that this does not commit the Co-op to stay in the fuel delivery business. A diesel fuel pump will be installed in response to member requests. The Co-op has a ten year renewable agreement with Dartmouth College, exchanging Co-op land which abuts the Appalachian Trail with parking spaces that are on Dartmouth College property.

In response to a question about the time frame of the appointment of the Human Resources Interim Director, Terry replied that it is currently open-ended.

Sales rebounded in September and are even with FY 2013 figures.

Discount shopping days are driving membership enrollment. In response to a question about outreach to Dartmouth students, Terry said the Co-op hosted a booth at the student orientation event and recently spent two hours tour with Dartmouth students, touring the Hanover store.

Discussion

Ends Policy Review Committee

The Ends policy task force reported that they reviewed Ends statements from the Davis, Outpost, Ozark, Seward, and Weaver Street food Co-ops. They especially enjoyed watching a video produced by the Davis Co-op and are enthusiastic about the prospect of revising the Ends statements. Discussion turned to connections with various Co-op stakeholder groups, the re-branding potential of a remodeled Hanover store, product vetting, labeling which identifies source/fair trade/cooperative features, increased communication about the cooperative model and Co-op community outreach initiatives.

Recommendations were made to study the multi-stakeholder cooperative concept and to seek member input regarding the Ends statements.

Policy Monitoring

B-GM 2 Accountability of the General Manager

MOTION: John moved to accept the B-GM 2 monitoring report as in compliance.

Susan seconded the motion.

VOTED: To accept the B-GM 2 monitoring report as in compliance.

7 in favor, 0 opposed, 0 abstained, 3 absent.

The motion passed.

It was recommended that the General Manager participate in future assessments.

B-GM 3 Delegation to the General Manager

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

Susan seconded the motion.

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

7 in favor, 0 opposed, 0 abstained, 3 absent.

The motion passed.

In response to comments about some awkward policy language, the CDS consultant recommended that the Board consider using the CDS policy template.

FY 2015 Board Budget

The proposed budget is essentially level-funded, based on this year's budget; John noted that he overstated some expenses and will circulate another draft next week.

November 15th Board Retreat

Marilyn presented a draft outline based on direction from the Executive Committee that included two outcomes: building board team work and member engagement. She suggested that the board focus on team building in the morning, then invite peers from other coops along with members of the management team to discuss member engagement in the afternoon. The board agreed with the outline as drafted.

Share Redemption

MOTION: Wynne moved to authorize the redemption of the shares, as presented, in the Share Redemption Request dated September 24, 2014.

Kerry seconded the motion.

VOTED: To authorize the redemption of the shares, as presented, in the Share Redemption Request dated September 24, 2014.

7 in favor, 0 opposed, 0 abstained, 3 absent.

The motion passed.

Administrative Matters

Board members were invited to the Neighboring Food Co-op Association fall gathering, September 27, at the Black Community Center, Hanover.

Four 'Co-op Month' Forums will be offered on Tuesdays during October, 5:30 – 6:30 pm, at the Culinary Learning Center, Lebanon store. The forums will offer opportunities for members to become informed about the financials, cooperative regional and national networks, product selection and pricing, local agricultural food supply chain, and partnership with a Mexican coffee cooperative.

Adjournment

MOTION: John moved to adjourn the meeting at 9:00 p.m.

Zeb seconded the motion.

VOTED: To adjourn the meeting at 9:00 p.m.

7 in favor, 0 opposed, 0 abstained, 3 absent.

The motion passed.

Respectfully submitted,
Eugenia F. Braasch
Board Administrator

Wynne Washburn Balkcom
Secretary