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Council Meeting Minutes

December 4, 2017

Facilitator: Ashley Hill

Note Taker: Erin Galligan-Baldwin

ATTENDEES

Council: Scott Hess, Steven Farnham, Carl Etnier, Mark Simakaski, Bertil Agell, José Aguayo, Patrice Siergiey, Eric Jacobson, Ashley Hill, Lydia Busler, Scott Hess, Steven Farnham

Staff: Kari Bradley, Jay Wisner, Lydia Busler (arr. 6:13, dep. 7:58)

Guests: Pat Carstensen, Eva Schechtman, Randy Koch, Neal Giarro, Elli Bayer, Autumn Martinez, Emma Paradis, Lisa Rochelle, Billy Donovan, Stephanie Kaplan, Andrew Sullivan, Alec Hill, Jay Wisner, Peter Trumelle

Recording of Part 1 - started at 5:30pm / Time in parentheses indicates time elapsed from beginning of recordings, part 1 and part 2.

5:30 (00:00:00) Ashley Hill, facilitator, called meeting to order. Welcome and Introductions. Scott is keeping time and Carl is recording.

5:37 (00:06:53)

Co-op Community Comments:

- Eva (visitor) spoke to address issues of the annual meeting - attended annual meeting and was distressed. Hopes council will help to restore the trust for members and employees. It would behoove the council to look into getting a larger venue for next meeting. Can only accommodate 300+ attendees. Wants more participation for 8000+ members.
- Stephanie (visitor) feels that council and management makes decisions without input from members. Discussed language being taken out of the bylaws in relation to selling off assets and/or expanding and voting for changes, electronic, by mail and in person. Stephanie believes the Council voted to eliminate voting at meetings and Stephanie questioned this. Wants members to have more say in the bylaws. (Eric pointed out that not all CURRENT COUNCIL members voted ON BYLAWS. 3 new council members, Jose commented that there could have been a better way to communicate.)
- Ashley proposed discussing the issues presented at another scheduled time to give more time to the concerns of community members. Not enough time in tonight's schedule. Requested that Stephanie e-mail her statement to the council. Members can request to be put onto an agenda.
- Alec (visitor) commented on last month's meeting and the acknowledgement of the dissatisfaction among the members. Requested that the leaders listen to the members. Wanted to point out the mistakes in his perception: failure to listen during by-law issue, response of denial after *Times Argus* article, tension at the annual meeting. Feels like there is a history of these issues, a feeling of corporate influence, discontent among staff

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and dissatisfaction among members. Wants management to listen to ideas, not dismiss. Example: making a public support of Single Payer Healthcare. Hopes that council can move forward with integrity with change to come.

- Pat (visitor). Came to meeting tonight because she has heard of high levels of stress from staff members. No further comment.
- Eric asked whether or not written statements from members could be included in meeting minutes and it was decided that it was possible. Council welcomed statements to be included.
- (Peter) Has asked for numbers and Kari replied that 270 people registered and attended annual meeting. Ashley commented that the full numbers of votes will be in the minutes. NOTE: these do not appear in the minutes from the annual meeting. Numbers have not been put out but they will be put out next month when minutes from meeting are published.

6:05 (00:34:28) Consent Agenda: Approval of minutes (11/6), Equity Refund Requests
Carl moved, Mark seconded and Council voted to approve consent agenda.

6:05 (00:35:10)

Guest Speaker: Lisa Rochelle.

- Here to talk about staff dissatisfaction.
- Malaise - general feeling of uneasiness whose exact cause is difficult to identify. Staff knows the reasons and wants to share the reasons with council.
- Staff often runs into a "like it or not" wall in the grievance process that echoes a comment by Kari at the annual meeting about the senior discount being decided by committee and not the full membership. Often during the grievance process they are denied instead of resolving our challenges and unless we vote for arbitration. Right now there are 2 arbitrations in one department, and management knows we can't arbitrate every grievance.
- Thanks coworkers, and members for their honesty in speaking out and showing support.
- Included words from letters from staff: *bullying, harassment, targeting, retaliation, name calling, favoritism*. Staff feels these things are happening to them in the work setting. Gave examples of workers who have considered leaving their jobs because of stress.
- 25 injuries, 8 months into the year and heading into the holiday.
- Union agrees that injuries are due to understaffing.
- Union issues: 22 grievances; 18 step 1 denials that have advanced to step 2; petitioned members and have 60 signature to make an arrangement before arbitration. 3 yes votes for arbitration in past 6 months. 8 grievances are from kitchen, most of the bullying grievances are from the kitchen - name calling: "Cancer girl and chemo brain." "Added up together these speak a loud truth. Staff members are afraid of retaliation and afraid to speak out."
- Question: where is the disciplinary action policy for managers? Kari replied that it is in the employee handbook.
- 2 terminations of staff in November.
- Told of incident where upper management sold alcohol product off the floor without going through the proper channels. Alcohol came into store that was not previously arranged and then the manager sold it. Confusion from the council. Discussion by

council to clarify the details of the incident. Lydia clarified that distributor dropped off product for customer who had arranged for product ahead of time through upper manager. Not paid for by co-op. Has happened a number of times. Steven clarified that incident was illegal. Lisa feels that a staff member would lose job over incident but upper management was not held accountable so feels that it is not fair. Worries that other things might be happening that managers are not held accountable for, wants to reverse the culture of discipline.

- Carl thanked Lisa for coming in and asked the question of how to figure out the best way to respond to these issues. Wants equal offenses to be treated equally.
- Lisa pointed out that Lydia works in the department and knows about the situation. Lisa requested that Lydia offer answers to questions.
- Neal (visitor) said that what is needed is more opportunities for people to see how things operate and more involvement. Scott offered that more members cannot be involved because of by-laws of union. Jose pointed out growth in membership but not in voting.
- Autumn: commented that everyone every says it is the union's fault and that might not always be true. Requests that people investigate before blaming union. Ashley commented that in the future there will be a presentation from union to clear up confusion. Scott discussed plans for the retreat - list of items to discuss and topics to explore. Eric said he was grateful that people have attended meeting to voice concerns because council wants to hear from more people.
- Elizabeth - commented on membership involvement - been a member for 20 years and never been invited to come to a meeting until now.
- 150 write-ups were issued and only 25 are grieved. Management is not using the grievance policy properly. If it doesn't go to arbitration it is denied. Discussion of workman's comp and union.
- Staff Survey - goal was to get 75% responding. 38% of non-managerial staff responded. 78% of managers responded.
- Read from Kari's statement about failing statements. 9 failing statements on the survey.
- Lisa: Worried about the health and wellness of the co-op. Staff is stressed out, injured and unhappy. Feels an opportunity to make a sea change. If she does not "find it through council she will find it in the members."
- Billy asked about the free speech clause and Ellie responded about an incident where she was disciplined for speaking out against her management. Discussion about proposed changes to contracts.
- Ashley thanked everyone for coming to the meeting and promised to work on solutions to problems.
- Lydia clarified that she is representative to staff from council and encouraged staff to read reports and keep communication open.
- Steven admitted that he was the council member who make a joke about "shredding the ideas in the idea box" at a previous meeting and apologized.
- Several other council members offered their support and thanks to the staff who attended the meeting and encouragement to come again. Will make a formal invitation and allocate time to speak at executive meeting.
- Jose offered idea about an idea box and offering prizes for staff.
- Ellie (employee) has pages of examples that she is willing to share and wants to know what the council needs to help enforce the L2 policies. Said that problems are not new to

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co-op. Examples of people who did not leave on happy terms. Asking for help of council or they will go onto the members and the community for help.

- Ashley said that council will figure out what information they need in order to help and information will come and go from Lydia and Kari.
- Lydia, staff representative, requested that she be the go between for staff and council

Break 7:03 (01:32:23)

7:14 (00:00:00) Meeting reconvened

7:15 (00:01:03) Ashley explained that in order to make use of remaining time, meeting agenda amendments proposed and carried.

7:15 (00:01:27) Steven spoke about items he feels that were misunderstood in community comments, specifically, by-law changes. Discussed the difference between previous year's and this year's by-law changes proposals. Referred to 2003 meeting. Discussion of the process and a debate between Billy and Stephanie. Steven thinks there are factual misrepresentations.

7:20 (00:05:22) Guest Speaker: Billy Donovan Presentation

- Thanked employees, expressed shock about what they had to share. Encouraged council to hold management accountable.
- Council retreat: says that council needs to warn the retreat to the members according to policy governance documents. Thinks it is in best interest of the members of the co-op for members to have access to information presented and discussed at retreat since retreat is a meeting and because the agenda will be set at the retreat. Asks council to follow rules.
- When employees were discussing contracts and health insurance and employees renegotiating benefits, Billy was told that he couldn't have information because it was confidential. Billy wondering what the guidelines for how the compensation packages are determined. Ashley responded that there is a formula by which council calculates contracts. Kari explained the process and the salary scale and that all employees have the same access to medical insurance. NCG database provides background information from regional co-ops. Billy wondered if it was audited or not. Kari confirmed that it is not audited. Billy is concerned that because it is not audited, there is no accountability. Thinks that members should know what Kari's benefits are. Ashley asked that we not make personal attacks and that information is confidential. Billy is concerned that employees health insurance is changing and there is not information about the upper management. Billy cited policy governance document. Jose said that data could be used maliciously.
- Billy addressed liquor issue stated by Lisa. Called liquor commission and was told that if a sale happened not through a register that a law was broken and it needs to be addressed. Council debated when to discuss the issue and decided to discuss it in executive session.
- Billy discussed democracy, alignment of the council and trust; discussed Steven and Carl's article in *The Times Argus*. Ashley stepped in as facilitator and asked Billy to discuss the concerns instead of the article itself. Debate between Ashley and Billy. Carl extended offer to discuss issue and questions privately with Billy. Eric and Billy debated the nature of Billy's presentation.

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- Billy's question: to the council - what is the status of a specific bylaw? Is voting allowed at meetings or not? Steven responded that there was a 2003 by-law that there will be some items that will be voted on by electronic ballot instead of at meeting and it was a binding amendment. Steven said he went along with in, not because he liked it but because he saw it as binding. Debate about timeline of voting ensued.
- Billy asked - when did council vote to adopt the interpretation of the 2003 by-law? Ashley responded that they will do research and then send answer to Billy. Billy accepted. Carl explained that change was put before members and was not accepted. Billy thinks that by-law was changed and Steven says that it was just an interpretation of the by-law, not a change. Billy and council members debated. Billy read from *Times Argus* article. Billy expressed that there was an understanding among members that the bylaws meant one thing and that the meaning cannot be changed.
- Billy explained some history of the by-laws: 2010 Waterbury issue members said no to changing the bylaws. Feels that the proposal is a slight of hand procedure. Feels that members are not trusting and that council is not listening to members.
- Eric asked is there a proposal on the agenda to amend the bylaws? Council confirmed no current proposal regarding a change of the bylaws.
- Stephanie (visitor) said she was concerned that the commentary made it seem like the members don't need to have a meeting before voting on expansion. Concerned that council feels like they can make changes without input from members and without meetings. Concerned about language being interpreted.
- Carl said that there is no proposal for expansion and no proposal to sell off assets.
- Stephanie (visitor) encouraged a separate meeting and committee to review by-laws and then vote goes to members.
- Ashley said that by-laws are hard to read and council agrees. "Nobody wants to go to court."
- Mark asked who should decide by-laws? Only those who attend annual meeting or all members? Billy asked - 300 informed people voting or 500 additional people who don't hear all information?
- Stephanie said that council controls the flow of information and that there is a problem with that. Ashley said that this is a known problem and they are working on getting more communication and input.
- Carl motioned to stop discussion. Motion passed.

8:04 (00:50:09) Statement of Ethics. Several Council members declared conflicts of interest and passed in signed code of conduct documents

8:06 (00:52:05) Officer Elections- Lydia conducted the election of officers.

- Scott nominated for president. Ashley nominated for president, but withdrawn after Ashley said her work situation has changed. Unanimous vote for Scott for president.
- Ashley and Carl nominated for vice-president. Ballots passed around. Eric wondered if we can elect the leaders after retreat and Ashley clarified that the by-laws require the timing of this meeting. Eric asked for Carl and Ashley to speak on their agenda. Carl's statement: no personal agenda. Wants agenda to be made with members. Wants to figure out rules for making a meeting work and how to make a council work. Brings lots of different perspectives. Ashley statement: welcomes bringing in members from the

community. Need to be more active in bringing members into the conversation. Demographic of local community changing and especially important now. Good at difficult conversations and setting clear boundaries. Ballots counted by Lydia and Kari. Ashley: 5 Carl: 4. Ashley voted as new vice president.

- Secretary: Steven and Mark nominated. Mark: no statement. Steven's statement: Examines the minutes very closely. As part of the executive team he would like to guide organization to be more conciliatory and to reach out to the community, especially after annual meeting. Kari and Lydia counted ballots. There was a tie and a revote. Steven: 4, Mark: 5. Mark voted as secretary.
- Jose and Carl both nominated as treasurer. Jose statement: gave background in financial type jobs. Good teams and an opportunity to look at what we do in the future. Carl: feels qualified to undertake it and would like to join executive committee. Kari and Lydia counted ballots. Majority to Jose. Jose voted as treasurer.

8:23 (1:09:19) Council Calendar

- Dates discussed by Council. List of dates in packet. Figured out who will facilitate meetings.
- Do we want Thursday, November for LNT in order to have a bigger venue? Or, an even bigger venue? National Life? Discussed if a bigger spot is even needed. Steven wants to consider a bigger venue in order to accommodate more people as long as it is not too expensive. Eric wonders if a sit down setting is needed or if it can be flexible. Scott proposed researching and then making decision later after discussion at the annual meeting committee. Ashley proposed reaching out to members to get preferences. Ashley, Carl, Scott, Lydia will be on committee to discuss options.
- CBLD101 training in NH on January 6.
- Piece about the Montpelier Bridge - interview and article has been delayed until December 12.
- Saturday, Feb 3 - Council retreat. Location? Ideas from council members: CCV, Seyon Lodge State Park, Goddard, VCFA. Council likes the idea of the State Park best. Carl said the rules state that this is a meeting and members must be warned. How to do that and also have a private space for discussion. Carl suggested that it be discussed at separate meeting. Michael Healey: facilitator for meeting. Steven wants more input from members. Lydia said that you can warn, however, because it's a retreat that it's not open to public for the entire time. Can be a time for member attendance. Does council want to invite guests and have a note taker for formal minutes? Goals of the retreat: group dynamics, goals for the coming year, leaving with an outline for the work for the coming year.

8:38 (1:24:31) Financial Report: 1Q2018 Statements – Kari presented a summary of the first quarter financials. Highlights included:

- Income statement for first quarter: reported on Sales, Gross margin, Personnel, and Operating Expense.
- Q1 Sales growth = 2.21%
- Gross Margin: .73% above budget
- Personnel Expense over budget including gain share
- Balance sheet - minor declines in key ratios, overall good financial health

8:45 (1:31:20) Monitoring Report- L5 Financial Condition, L7 Assets

- Report comes out quarterly: financial condition and protection of assets
- Attached to report are 2 insurance broker's letters
- Reporting 2 non-compliances - 1) were in excess of proposed limit for bank balances but corrected soon 2) negative media stories - 3 in the past 4-5 months. How to react to those and how to avoid more negative stories in the press? Eric proposed discussing "brand" at retreat.
- Eric asked why negative sales growth happened in November. Kari said the decline happened the week after the 2016 election. Discussion about the reasons for this. Co-op cannot sustain many quarters of negative sales growth.
- Mark asked if we can retire long term debt? Kari said that is going to be looked at future meetings. \$3.7million in member equity. \$1.4 million in long term debt. Steven proposed that co-op offers option for members to invest more than 180 in order to reduce long term debt. Can be discussed at finance committee at later date. 401K is over 2 million.
- Eric is concerned about dissatisfaction from members and employees and the negative impact on co-op's identity. Council needs to promote the merits of the institution and be conscious about the threats that co-op is under. Co-op cannot absorb very many down turns. Discussion on this issue ensued.
- **The Council voted to accept the L5 and L7 monitoring report.**

9:01 (1:47:39) General Manager's Report - Kari

- State rejected the eWIC because there are specific products/brands that Co-op doesn't stock. Looking into bringing in conventional brands in order to comply. Plan is to expedite the plan plan media about the change such as story in *The Times Argus*. Eric asked if co-op sells conventional products at higher prices than other stores, will it lose customers. Steven is concerned about the state determining what co-op must sell to in order to participate in eWIC. Discussion on how Burlington does business and how it complies.
- Issue with gift cards discussed. Cards will not be available until January. Steven asked if there is a way to do what state wants now and then do a push back later? Ashley said that if we were going to be responsive to our community needs than co-op needs to do the eWIC program. Council discussed that there will be criticism either way - carrying conventional products or not. Eric asked if we can take a hit on the pricing in order for potential customers to be able to shop at the co-op.

9:12 (1:58:15) Staff Rep Report - Lydia

- Lydia asked if anyone needed to hear more after the comments earlier in the night by staff. Scott expressed that council heard concerns and are going to address them. Lydia asked council not to have too many side conversations and to be conscious of confidentiality since council heard a lot of stories and have a lot of questions.

9:15 (02:01:07) Wrap-Up: Actions, Communication, Calendar, Evaluation - Ashley

- Steven follow up to Lydia: went to "Appreciative Inquiry" and wants to make sure that the training sessions must be put into action. Lydia said that people make mistakes and co-op can't sweep it under the rug. Council discussion on communication and dialogue.

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- Evaluation of the meeting. Carl said that Ashley worked hard at being welcoming and to keep order, as well as other members and offered thanks. Importance of a professional facilitator for future meetings so that no one has to be the “bad guy”. Discussion on the merits of a facilitator ensued. Scott said it was not a good idea to have two visitors giving presentations and to budget an hour for each presentation. Let visitors speak and don’t engage in a debate. Ashley requested guidelines for guest presentations. Discussion on the pros and cons of a structure for visitors. Eric expressed concern about the long presentations that visitors made, wants them to speak more toward a proposal. Needed better structure - if 15 minutes is allotted, then presenters need to stay within the time. Ashley proposed a committee to discuss council meetings to be cognizant of time. Council discussed disappointment in the fact that visitors seemed angry when they left and that issues were not resolved. Lydia said that council needs to keep to the time allotted on the agenda and if visitors need more time they are added to a future agenda. Steven wanted to make note on the record of Lisa and her excellent, organized presentation.

9:30 (02:16:19) Steven moved to go to executive session, motion carried. Recording ended.

10:14pm Council exited executive session without taking an action. Meeting adjourned.

Action Items:

Kari and staff make presentation on employee services and communication channels

Kari follow up with Billy Donovan on Council position on bylaws

Kari update corporate registration with Secretary of State

Kari call committee meetings: executive, annual meeting, retreat

Kari contact Seyon State Park regarding retreat space

Retreat committee consider retreat notice and posting minutes

Kari add idea to encourage members to participate in early Co-op debt retirement (pay off equity, donate refund) to finance committee agenda

Kari clarify retirement bond insurance

Kari and staff work on WIC application, Plan A is to have currently-stocked products accepted to program, Plan B is to stock the conventional products required