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**Council Meeting Minutes**  
**August 26, 2019**  
**5:30pm**

**Co-op Community Room**  
**Facilitator: Scott**  
**Note Taker: Rob**

**Present:** Dr. Eric Jacobson, Steven Farnham, Scott Hess, Shannon Lessley, Katie Michels, Jess Knapp (Staff Rep), Eva Schectman, Pat Siergiey, Mark Simakaski, Ashley Hill via conference call, Kari Bradley (GM)

**Staff:** Doni Cain, Olivia Dunton, Stephani Kononan, Mary Mullally, Tim Wingate, Jay Wisner

**Guests:** Elizabeth Parker

### **Begin Recording 1**

**1. Welcome, agenda review, time allocation, guest policy review 5:30 (0:00:34)** Scott asked for any agenda changes or comments. Steven suggested switching order of 6 and 7 on agenda.

**2. Cooperative Community Comments 5:31 (0:01:31)** Scott asked for comments, none were offered. Scott thanked staff for coming.

**3. Consent Agenda: Approval of minutes (7/1), refund requests 5:31 (0:01:54)** 14 Equity refund requests totalling \$1743.28. Scott asked for motion to accept. Pat made motion. Mark seconded. Scott asked for comments, none were offered.

**All in favor of accepting minutes and refund requests. None opposed. No abstentions. The motion passed.**

**4. NCG Participation Report 5:32 (0:02:42)** Kari introduced the second annual participation report from National Cooperative Grocers. The goal is to have direct communication from NCG to boards, with much of focus on financials and how the co-op participates in NCG programs. The report provides some benchmarks, averages or goals that have been set; Kari noted some of those in his monitoring report. Kari asked for thoughts/comments from council. Scott noted occasionally members have questioned why we should be a member of NCG, this report provides solid justifications. Eva noted concern about concentration or consolidation of our primary suppliers. Mark noted some positives but a number of negatives also in the report, particularly low sales growth and profitability.

**5. Financial Report: Q4 and Fiscal 2019 Draft Statements 5:45 (0:16:05)** Kari reported on the fourth quarter. Highlights included: Just over \$6 million in sales, a 1.4% change over previous year. Just over \$2 million gross margin, 36.12% of sales. Personnel expense \$1.76 million, grew faster than sales. For fiscal year: \$25.1 million in actual sales. Gross margin \$8.9 million. Total personnel expenses \$6.9 million. Operating expenses \$1.6 million. \$82,545 in net income before equity, tax, patronage refund. This year

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there is an adjustment due to paid-in equity from members not fully invested and who have not shopped in at least 3 years per Co-op bylaws; these funds will be recognized as income and subject to income tax. Balance sheet measures remain strong. Prepared foods department continues to run at a loss.

**6. Monitoring Report Evaluation 6:04 (0:35:01)** Shannon and Steven led discussion. Steven commented that the Polices, having been revised several years ago, are now treated as “Biblical,” and thus “permanent and unalterable,” when, instead, they should be treated as a living document, subject to regular review, and updated if necessary. Shannon and Steven used feedback from previous meeting to create new evaluation form, eliminating certain columns, and making the form simpler. Steven and Scott suggested evaluations should be done before the meeting. Katie noted Kari often gives more context during meeting. Scott advised filling out ahead of time and make changes during or after meeting as necessary or if desired. Shannon added that feedback about the forms is welcome. Council will hand two in next time, one for this meeting’s report and one for next meeting’s report. Steven and Shannon will collect evaluations and tabulate results, at least for now.

**7. Monitoring Report: L5 Financial Condition/L7 Protection of Assets 6:23 (0:54:00)** Kari gave an overview of the report, added long term trend look (page 26 and 27), and included noncompliance for sales growth (two or more years were below the benchmark for sales growth). There’s a note about updating building valuation (page 31); the updated number was provided last week: \$2.8 million for building alone. Kari is confident we have adequate insurance. One other noncompliance, on page 40 — the number of transactions have declined three consecutive quarters. Scott asked for motion to accept report. Shannon made motion. Steven seconded. Scott asked for discussion. There was none.

**All were in favor of accepting monitoring report. None opposed. No abstentions. The motion passed.**

**8. Union Contract: Update and Discussion 6:35 (1:06:11)** Kari provided a summary in his GM report in the packet. There have been two negotiation sessions since last council meeting; four articles are outstanding, and two are significant challenges: one is wages, and one is union proposal to limit managers’ ability to do bargaining unit work. In both cases, Kari felt management has made reasonable offers and is engaging with the union’s concerns appropriately. Management has suggested bringing in a mediator but the union has not yet expressed interest in doing that. Current contract is extended until the 13th of September. Council may be asked to ratify contract at October meeting.

**Break 6:46 (1:16:34)**

**Begin Recording 2**

**9. Next Steps with Community Learning Project 6:56 (0:00:33)** The Executive Committee asked council to brainstorm and compile a few ideas for projects council could direct staff to begin to explore. Suggestions included: fresh food truck or cart, delivery service, growing our existing catering business, diversification into totally different business not food related, increased grab and go selection, second

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location, after hours use of cafe, improving current staff/management relations, combining certain departments with other co-ops, more events to bring in community members, find ways to serve our community in a different capacity, other kinds of services such as banking, expanding loyalty programs, finding partners to offer other services or programs, using balance sheet to invest in the local food system such as buying a farm and contracting with the farmer, and positioning ourselves as leader in a social or environmental issue. The Council members indicated their top priorities which were second location, consolidation of services among co-ops, and non-food related business for diversification.

**7:16: Ashley Hill joined the meeting via conference call.**

**10. Committee Reports 7:34 (0:37:51)** Recruitment committee – several staff and members have expressed interest in running, some were at meeting. Eva and Pat have done three tabling events, lots of interaction with co-op members and public. Eva thanked marketing staff for efforts. Scott agreed with kudos to staff. Steven gave kudos to Pat and Eva as well.

Bylaw committee - on hiatus in August, returning to regular meetings in September and October, will make recommendation to council after that. Potential special meeting in the spring.

Finance committee - update in the packet.

HMCCF committee – will meet in September and provide council with recommendations in October.

Annual meeting committee – Stephanie Lahar tentatively agreed to be moderator.

Ethics committee - met and discussed a number of issues, including commercial loans, potential ethics policy, and problem of large corporations taking over products, how much information should be presented to members about that.

Compensation committee - has not met since last council meeting.

Diversity committee - reading group is meeting Sept. 12, Eva will send out reminder.

**11. Form Ballot Committee 7:42 (0:46:15)** At least two council members who are not running, are needed; they will review procedures and then count ballots, typically after Annual Meeting, which (this year) is Nov. 7. Committee will meet the day after Annual Meeting, Friday, Nov. 8. Scott asked council members who are eligible to be on committee and able to do it to get back to Kari, if not able to commit right now. Ashley and Eric said they would do it.

**12. Council Self-Evaluation Process 7:44 (0:47:53)** Council conducts annual self-evaluation through online survey. Executive committee would like it completed this month. Kari will send survey info out this week to everyone.

**13. Staff Rep Report 7:45 (0:48:26)** Jess presented an overview of her report, focused on some ongoing systemic communication problems at co-op. Issues often involve staff and management tensions. The marketing department is communicating with both upstairs and downstairs staff, yet there is some frustration when communication is not seen as enough by downstairs staff. Operations could play a bigger part in solving this problem, and could help with getting word out about promotions, events, information. The question was raised about whether or not staff members seek out information.

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**14. General Managers FYI Report 7:51 (0:54:36)** Kari thanked people who worked on Kids Day and Case Sale events over the weekend. Co-op Cafe is Oct. 19, if anyone is interested in going. It was noted we are starting to feel the effects of the labor market, and a shortage of potential employees. Hunger Mountain Co-op's 47th birthday is Sept. 13. We will also be hosting a \$5 community dinner, Sept. 10, 4:30 to 7:30.

**15. Council Development Ideas 7:55 (0:59:22)** Kari joined the NCG board in July, attended first retreat, and encountered some practices of other co-ops, which he presented to council for consideration. He recommended the idea of preparing and practicing responses to tricky or tough questions. Katie noted she liked the idea of a cover sheet for the council packet. Scott and Kari will do that next time. Eva noted interest in issues of outside facilitation and delegation of certain tasks to staff/council.

**16. Wrap-Up: Actions, Communication, Calendar, Evaluation 7:58 (1:02:24)**

Actions - Kari will send out council evaluation survey, executive committee will review ideas from brainstorming/vote, Eric and Kari will respond to Vermont Community Loan Fund, council members will fill out monitoring report evaluations, will send to Kari Steven if done by email or will put in council mailbox and let Steven and Shannon know it's there.

Communication - Mark would like to hear more from members who don't speak all the time.

Evaluation – Steven asked if people in the room, guests, have any comments about how the meeting went, none were had.

Calendar – Executive committee will meet 9/12 at 1:30pm. October will be very busy, Kari noted.

November, meeting prior to the Annual Meeting, last one for this council. Celebratory drink tradition, will do that after November meeting.

**17. Council or Cooperative Community Comments 8:03 (1:06:43)** Steven noted member approached him and made comment that staff salaries should be available for members to see. Another time same member commented about clarification of signage on far end of parking lot. Eva asked about Bylaw Committee's discussion about whether to publish salaries or range of salaries. Scott noted it's in committee report, and was not earmarked for discussion. Steven noted Eva is welcome to attend Bylaw Committee meeting.

**18. Other Business 8:07 (1:10:17)** Scott asked about exec session. Kari noted that a personnel issue needs to be discussed, so executive session is needed. Mark motioned to go into executive session. Scott seconded.

**19. Executive Session: Labor Contract, Personnel Issue 8:07 (1:10:49)**

**8:20pm: Shannon motioned to exit executive session. Eva seconded. Session ended.**

**8:21pm: Katie motioned to adjourn. Eric seconded. Meeting adjourned at 8:21.**