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Present: Eva Schectman, Jen Porrier, Steven Farnham, Julia Scheier, RJ Adler, Lauren Antler, Catherine Lowther, Andrew Sullivan.

Absent: Olivia Dunton.

Staff: Kari Bradley, Stephani Kononan, Mary Mullally, Tim Wingate, Elly Wood.

Staff Representative: Nick Sivret.

Facilitator: Mark Simakaski.

Note Taker: Rowan Sherwood.

Guest: Suzanne Trahey.

1. Welcome new council members, agenda review, time allocation, guest policy review. 5:31PM (0:00:03)

Mark introduced himself as facilitator, reviewed meeting etiquette and asked members incumbent and new to introduce themselves.

Kari said the planned executive session is unnecessary, and the time could be used to discuss feedback from outgoing council members.

2. Cooperative Community Comments 5:40PM (0:09:00)

There were no comments.

3. Consent agenda: Minutes, equity refunds, new committee member. 5:41PM (0:09:10)

RJ moved to accept the consent agenda. Eva seconded. The motion passed unanimously.

4. Annual Meeting Reflection 5:42PM (0:10:01)

Kari stated that it went well overall. He expressed that we can not continue using the webinar format – people want more interaction.

On the whole, council members thought it was as good as it could be given the format. There was agreement that next year needs to be more interactive. Several folks mentioned the need for closed captioning of video portions. Folks appreciated the dinner coupon, the personalization of the videos, and the equity in access that Zoom allows. The council could have been introduced more strongly and clearly.

5. Financial Report: FY 2022 Q1 Statements 5:51PM (0:19:18)

Mary reviewed the income statement. Key takeaways include that sales were up 1.83% from same period prior year, gross profit margin was down 1.8% and employee compensation was down 1.98%. Operating expenses aligned with the budget and we made \$59,122.00 in profit. This is particularly good in light of a previously projected loss.

Kari discussed the balance sheet. Big news: The mortgage on the building is paid off, and our key ratios show the co-op is good financial health.

RJ asked if we were still projecting a loss. Kari said probably not; we are off to a good start and our budget projections are often very conservative.

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Eva asked what expense leaves the co-op most vulnerable. Kari replied that the most volatile expense is medical insurance.

RJ noticed that we have been below the benchmark for sales growth for a number of years and asked what the plan was for that. Kari suggested we discuss that in the monitoring report.

6. Financial Report: FY 2021 Final Statements – Bruce Meyer from Wegner and Associates. 6:01PM (0:29:47)

Bruce stated this was a review, which is not as detailed as an audit. The review revealed no concerns. HMC's balance sheet is strong, with lots of liquidity. Sales are flat, but that is common throughout the industry. Gross margin is relatively stable. Personnel expenses are unusually high. This is somewhat offset by low operating expenses. The forgiven PPP loans were used to good effect. There is \$400k to distribute to members for patronage.

Steven asked about the tax credit, the shift of liabilities to assets, and the 1.0% increase in personnel expense. The IRS can be slow to process employee retention credits. The PPP loan began as a loan but was then forgiven. The increase in member equity springs from increased net income and significant retained patronage dividend. Personnel expense increase springs from the essential worker pay differential.

Eva asked if the Co-op was investing enough in itself, given the financials. Kari stated there were few capital improvement projects last year due to the pandemic. This year's big investments are repaying debt and the solar project, along with our normal capital plan. How to proceed from here is up for discussion.

7. Monitoring Report: L5/L7 Financial Condition/Protection of Assets 6:17PM (0:45:50)

Eva moved to accept the monitoring report. Jen seconded.

Discussion: Kari began with the non-compliance where sales growth missed the target of 3%. We have not met this goal for the last 5 years. This is partially because of maturity; HMC is reaching market saturation. Planning is needed to achieve future growth. Perhaps the target of 3% is outdated, and should be tied to inflation. Despite lack of growth, fiscal jeopardy is minimal. The co-op is adequately insured. Andrew asked for clarification on Co-op indebtedness. Kari explained the loan with the Cooperative Fund of New England on which HMC pays 5%. That interest rate was not high at the time, and while it seems high now, Kari noted that CFNE is an organisation the co-op wants to support.

RJ asked what is the measure of success for sales growth. He spoke of the difference between bigger and greater and suggested that there is a market for things other than natural foods.

Noting that time for this agenda item had expired, Mark suggested this may be good topic of discussion for the retreat.

The motion to accept the monitoring report passed unanimously.

*****BREAK 6:32PM (1:00:38)*****

8. Council Statement of Ethics 6:38PM (1:06:32)

Each year council members must state any conflicts of interest. Two members stated possible but improbable conflicts. RJ's wife works on nutrition issues for Senator Leahy. Julia works for the Agency of Agriculture. Eva clarified that all members need to sign and date the ethics statement.

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9. Officer Election 6:42PM (1:10:19)

Mark suggested that existing council officers provide an overview of each position on the executive committee. Eva explained the role of president and vice president, Steven explained the role of secretary and Kari explained the role of treasurer.

Mark asked for nominations for president. Eva self-nominated. Andrew seconded. Steven self-nominated and Andrew seconded. Each candidate made a statement about what they would bring to the job. Voting occurred by private message to Elly and Mark. Eva was elected president.

Jen self-nominated for vice president. RJ seconded. Having no other candidates, Jen was elected vice president.

Steven self-nominated for secretary. RJ seconded. Having no other candidates, Steven was elected secretary.

Eva nominated Julia for treasurer. Steven seconded. After some discussion, Julia accepted the nomination and having no other candidates, Julia was elected treasurer.

10. Retreat Planning 7:06PM (1:34:40)

Eva asked if everyone had read the proposal. Folks had. Lauren asked for a bit of history on what has been covered at previous retreats.

Eva explained that in-person retreats were luxurious – a time to delve deep into ideas and plans. The retreat on Zoom last year was different. The purpose should be connection and setting the tone for the upcoming year.

Andrew indicated a desire for financial and policy governance training. Steven agreed these are helpful but expressed the retreat is not the place for that. He discussed creating a food hub and how that could help increase sales growth. That is the kind of

discussion he would like to see at a retreat. He mentioned that an outreach effort would help learn where members feel the council to focus its effort. Rj added that he thinks Zoom conversation should focus on the big picture. Julia said she wasn't sure if the focus of the retreat was on how the council works or on how the co-op can be successful. Eva put in that based on council survey results she thinks it should focus more on dynamics within the council, but it's usually on what the group can do for the co-op.

11. Committee Work 7:23PM (1:51:50)

There was no discussion of submitted reports.

12. JEDI Education 7:24PM (1:52:18)

Eva announced that she received input from Jade Barker, the council's Columinate consultant on the JEDI education plan. RJ volunteered to join the JEDI education subcommittee.

13. Draft 2022 Council Calendar 7:29PM (1:57:40)

Kari proposed a schedule based on historical preferences. Eva asked if the AM (Annual Meeting) date was set in stone. Kari said it was not and is subject to change.

Steven questioned the scheduling of a council meeting on Halloween. Lauren echoed Steen's concern.

Eva proposed that the AM be moved to 11/10 and the council meeting to 11/3. The group agreed that was a good idea. Eva asked about the timing of the employee survey and union contract negotiations. Kari explained that the survey will be complete by the time negotiating begins.

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**14. Solar Project Update 7:36PM
(1:04:58)**

Kari shared that we are waiting to hear back on changes to the purchase and sale agreement. A final draft will be brought before the council before signing. RJ noted that they would probably want this finished by year's end. Catherine added that once this is complete, the council can focus on other areas of carbon neutrality.

**15. Staff Rep Report 7:39PM
(2:07:30)**

Nick presented his first report as staff representative. He stated that covid is still very much on staff's minds. Cases among employees increased anxiety. There are strong feelings on all sides about the possibility of the federal mandate. Nick offered to council an opportunity to inform him what they desire to be included in his future reports.

16. GM Report 7:46PM (2:14:27)

Kari informed the group of the co-op's upcoming 50th anniversary and the beginning of plans for a celebration. The hope is for various activities before and after September 13th. Staff will bring ideas to the January meeting. Kari asked that questions for the shopper survey be submitted by January 18.

The Co-op will provide training on how to avoid cyber-attacks.

**17. Action items, Communication, calendar, meeting evaluation
7:50PM (2:19:20)**

Kari provided a list of action items, and asked if the council was willing to make a regular contribution to the enews. The group is on board.

**18. Council or cooperative
Community Comments 7:56PM
(2:24:24)**

Steven requested council send Executive Committee their agenda preferences. He asked what we want from the agenda, what needs more time? He proposed the idea of holding the retreat in person. The group will think about it.

**19. Reflections on exit interviews
7:59PM (2:27:39)**

A number of council members did not see the email Kari sent with Jay's summary. The group will revisit the topic in January.

8:00PM (2:28:48) RJ moved to adjourn. Eva seconded. The group unanimously decides to adjourn the meeting.

Action Items

What?	Who?	Done?
Announce officers, schedule executive committee	Kari/Staff	
Formulate recommendation for council compensation	Finance Committee	
Return signed ethics statement to Kari	All Council Members	
Share cybersecurity videos with council members	Kari	
Add Suzanne to JEDI committee	Kari	
Update building insurance coverage table	Kari	
Develop retreat plan for January	Executive Committee	