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

Absent: Julia Scheier

Staff Rep: Nick Sivret

Staff: Kari Bradley, Jay Wisner, Elly Wood

Facilitator: Mark Simakaski

Note Taker: Rowan Sherwood

Note - No recording is available for the first half of the meeting. Recording for second half has no audio until 00:05:30. Please accept our apologies for any inconvenience.

I. Introduction

1. Welcome: agenda review, time allocation, meeting ground rules, guest policy review if needed 5:30PM

Eva began by reading the meeting ground rules. Mark asked for any additions or changes to the agenda. Eva wants to add approval of statement about supreme court ruling to other business at the end of the meeting.

Andrew offered to recuse himself from any discussion of contract negotiations.

Eva informed the council that Julia won't be present at this meeting.

2. Cooperative Community Comments 5:35PM

Steven explained that while shopping, if he finds bad items in the produce area, he tracks someone down to dispose of it. In the most recent incident, a staff member informed him of a designated receptacle for cull/compost. He wants folks to be aware of this option.

RJ brought up a time his brother bought something at the co-op with his wife's member number, and was told that he could not do so. She was nursing their child in the car. Seems wrong and we should talk about membership options.

II. Regular Business

3. Consent Agenda 5:37PM

RJ moved to accept the consent agenda. Eva seconded. Kari noted that we had 4 refund requests for \$375. **The motion was unanimously approved.**

4. 5:38 Business Plan presentation.

Kari emphasized the planning process used to generate this year's plan. There were several manager retreat sessions over the winter, and staff meetings for gathering input. That was combined with info from the shopper and employee surveys. Managers were asked to come up with their department plans and budgets. Senior managers detailed other overall priorities. Information on medical insurance and other expenses was incorporated as it came in. Kari noted that building project planning has been particularly difficult. A two-year action plan and a one-year business plan were generated. Pages 12-13 in the packet provide a good summary of our current

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situation. The focus will be to shore up operating systems and training which should be feasible even given the uncertainty we are still facing. Customer service, environmental improvements, individual employee development, and store promotions will also be priorities. The budget is challenging – we are budgeting for a loss mostly because of medical insurance costs which amount to nearly 4.5% of sales.

Steven asked if Kari could put our financial position into context - is it standard for other grocers and retailers or is it unique to us? Kari said that there are a range of things happening right now. Many co-ops are struggling due to labor shortages and inflation. Other co-ops are performing well and some are even in expansion mode. Hunger Mountain was a mature store even before the pandemic. Our market share is very high, so growth is limited. What can we do? Think about sales and expenses, figure out how to grow sales at a rate similar to our expenses. Efficiency will be a key consideration.

Jen shared that she assumes medical insurance increases are similar for other organizations. She's experiencing it in the State College system too. It's not something we can fix, we need to work with it. She was impressed with the actions outlined to address the hurdles.

Catherine wondered how co-ops were doing in relation to other grocery stores. Kari thinks some of the largest chains are doing quite well. He thinks smaller independent stores could be lost in coming years.

Jeff asked if inflation has affected certain departments more than others. Kari responded grocery is growing rapidly in large part because they are passing along price increases. Wellness and produce are flat. Prepared foods is also growing despite curtailing hours due to labor shortages.

RJ asked about the Work In Progress committee – the list of problems outlined can be seen as opportunities. We have a large membership and large market share. We can flex out financial muscles with low-cost credit – could we somehow offer it to membership?

Nick asked about lessons learned from the prior year's budget which also forecasted a loss while we ended up being profitable. Kari responded that budgeting requires a many assumptions estimates, and we tend to be conservative. Specifically we adjusted our assumption for health care utilization since that is a place where we tend to overestimate expense.

RJ asked why there was an equity decrease of \$47,000. Kari explained that it is because there is a projected loss, and that will come from retained earnings on the balance sheet.

Jeff wondered what happens to unused food. Can we use it for something saleable? Also, long term planning. He likes 3-year strategic plans, but realizes they are subject to change. He thinks it's important to always be in some stage of planning. Kari explained that unused food goes to the kitchen, cull cart for employees, local food pantries, and compost. We feel good about our utilization.

Eva appreciates all that went into the planning process. Agrees with Jeff about planning mode and notes that she has seen that over time.

5. Monitoring Report – L6 Business and Financial Planning 6:03PM

Steven moved to accept the monitoring report. Eva seconded. Kari presented some background and explained that we budgeted for a loss which is out of compliance with the current interpretation of our policy. It is also not a three-year plan so that is out of compliance as well. He said

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the main reason for the shorter planning window is the uncertainty we still face. Kari also reported that we are still out of compliance on L2 performance evaluations. Mark asked if there were questions. Catherine thanked him for all the work.

RJ wondered about the loss non-compliance. How are we expecting to generate cash? The plan is not clear. Kari said that net income is different than projected cash flow. Non-cash expenses namely depreciation are added back in terms of cash flow. We also are continuing to get equity paid in from members.

Steven mentioned that the equity requirement has been \$180 for so long. Would we ever consider increasing it? What would be considered sufficient motive to do so? Kari said the \$180 equity level is at least 20 years old and changing it has not been proposed during that time. We would need a compelling reason to ask folks to pay more. It is revisited each year in the fall.

The motion to approve the monitoring report passed unanimously.

6. NCG Participation Report 6:09PM

Kari provided details from the recent National Co-op Grocers report. It is an independent assessment given to the board about how our co-op is doing financially and in terms of participating in NCG programs. The report confirms that we have a strong balance sheet compared to our peers. Income statement factors are less favorable. Margin minus labor in particular is very low so there is not a lot of flexibility in the budget. We already participate at a high level in NCG programs, and we anticipate that will increase in coming years.

Mark asked if there were any comments or highlights on the report. Eva found it useful to look at all the ways we compare to other co-ops. It gives good context to our current situation.

Andrew asked about equity growth of 75% in 2021. Has that changed? Is the increase due to PPP and Employee Retention Credits? Kari responded that yes – we had a good year, and the federal COVID relief played a big role. Andrew also asked what the P in EBITDBAP means. Kari said it means patronage and is specific to co-ops.

RJ noted there were some NCG programs we were not participating in. Kari responded that we do have an employee assistance program through Invest EAP. We could save a modest expense, but we stayed with Invest because of familiarity. Some other programs are either not available in our region or we get a better deal somewhere else.

Steven presented a question to Jay a few days ago and repeated it here – the electric co-op is part of a group that provides financial benefits (health insurance, workers' comp, retirement plan) and the numbers look attractive. Is there some kind professional organisation that could provide a similar umbrella arrangement for food co-ops that would provide better value? Kari said that NCG has investigated it, and insurance wouldn't offer a net benefit. It's difficult because insurance varies so much by state. We have thought about joining with other co-ops regionally but the conversation has not progressed.

*****BREAK 6:21PM*****

III. Special Business

7. Annual Meeting Draft Agenda 6:32PM (0:05:30)

Kari recounted that the main theme will be celebrating HMC's 50th anniversary. It will be a hybrid in person/online meeting, 1.5 hours long, in keeping with online tolerance. The agenda includes all the regular items plus as many voices as possible telling Co-op stories. We are working with ORCA

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Media on a 5-minute video. We are confirmed to use Vermont College of Fine Arts as our venue. They have worked with ORCA before on hybrid meetings, so we are confident in our support in that area. Eva gave a plug for anyone here to share their story for the 50th, and/or recommend others to interview. She then explained that stories can be shared on the website, by phone recording, email, written, and video. We want to include as many folks as possible.

Mark asked if there were any comments.

Jeff referenced challenges encountered during the bylaws Special Meeting and asked how will this be better facilitated in future. How will dominant individuals be managed?

Kari said we have not yet chosen a moderator. It is also a very different kind of meeting from the spring special member meeting regarding bylaw changes. This will be our first hybrid meeting and it will be a challenge to incorporate live and online communities. ORCA has done this before, and we will rely on them for guidance. Our goal is to keep this meeting more celebratory, providing less need for disruption.

8. Council Recruitment Update 6:39PM (0:13:02)

Eva thanked the committee for their efforts. She asked council members to review the members to contact list and see if there is at least one name you are willing to contact. She also asked folks to put others on the list if they come to mind. Talking points and email prompts will be available. She asked for initial contacts to be made July 1-18. The committee will pick up the slack.

She shared that there is a recorded info session now available, and there will be more engagement opportunities scheduled in August. Eva asked if anyone has any barriers to what is being asked. She

reminded folks that this outreach is expected and to let her know if it will pose a problem.

Jen asked if individuals should only sign up to contact folks they know. Eva said no, not necessarily.

Steven commented that an initial “no” does not preclude another ask. Eva concurred, especially with someone you know.

9. General Managers salary range 6:48PM (0:20:40)

Eva moved to accept the salary range proposed in the packet. RJ seconded.

Discussion: Jay reviewed what was included in his letter. A recent comprehensive compensation study has been completed. It yielded a range of salaries for all positions at the co-op, including the General Manager. Mark asked if there were any questions. There were none.

The motion to approve the proposed salary range for the General Manager position passed unanimously.

10. Other Business 6:52PM (0:25:50)

The council discussed adding the council as a signatory to the co-op’s statement on the supreme court’s decision to reverse Roe v Wade. Jeff suggested making it a formal resolution.

Kari noted that to be timely we want to get something out soon, so a formal resolution is possible, but it would take more time. He thinks the timeliness is more important than the formality.

Steven agreed that to vote on a resolution would take more time. He would rather just vote on this as proposed.

Andrew is also in favor of a resolution, but thought more discussion is needed. Should we keep resolutions focused on food? Would we want to make a joint statement with the union?

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Eva said that is not part of tonight's discussion but is open to talking about it in the future.

Eva came back to what was presented - should the council join with the co-op in this statement? The majority thought yes.

Steven asked if any individual council member objects to the union signing on to this? Eva reiterated that is not a discussion for tonight.

IV. Closing

11. Wrap-up: Action Items, calendar, Meeting Evaluation, Future Agenda Items 6:59PM (0:32:38)

No comments on meeting.

No future agenda items were presented.

12. Council or Cooperative Community Comments 7:00PM (0:33:25)

Eva encouraged council members to promote the community conversations/ letters to editor program and/or submit their own.

Nick recounted that several months back there was talk of a meet and greet with employees. He will reach out to the council before the next meeting to try to arrange.

13. Executive Session - Union Contract Negotiation Update 7:02PM (Not recorded)

RJ moved to enter executive session. Jen seconded. The motion passed unanimously.

Jay, Nick, and Andrew departed the meeting. 7:03PM

Catherine moved to exit executive session. RJ seconded. The motion passed unanimously. Council exited Executive Session. 7:19PM

Eva moved to adjourn. Rj seconded. The motion passed unanimously. Council Meeting Adjourned. 7:20PM

Action items:

Action Item	Who?	Done?
Next steps with annual meeting planning	Staff	
Review members to contact list. Indicate interest. Make contacts.	Council	
Email member to contact list with talking points & other resources.	Staff	
Craft/distribute message on Supreme Court ruling.	Kari/Eva	