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## Council meeting minutes, September 10, 2024

### Present:

Council: Carl Etnier, Eva Schectman, Steven Farnham, Jeff Roberts, Catherine Lowther, Dvora Jonas, Lauren Antler, Tyler Strange

Staff: Mary Mullally, Alison Goyette, Giles Brule, Rowan Sherwood, Tim Wingate, Tom Knight

Guests: Billy Donovan, Jan Waterman, Jo Perreault, Jose Aguayo, Joshua Youngblood, Kristi Smith, Laurie Veatch

### Absent:

Council: Ashley Muscarella

**Facilitator:** Nathan Suter

**Note taker:** Alison Goyette

These minutes and the audio recording of the meeting are available online at <https://hungermountain.coop/meeting-info/> (Co-op Home → Membership → Council Meetings).

 **Please note that the time stamp next to each agenda item is a LINK to that section of the audio recording. Click on the TIME STAMP to listen to that portion of the meeting.**

### 1. Welcome: Meeting Ground Rules, Agenda Review **(5:30pm/00:00:35)**

Carl said there are a couple of agenda modifications, the first of which involves the resolution of authorization for the new finance manager. Carl had emailed council members previously with the language, which was then revised by Steven. Steven's revision is the language that was included in the packet and the executive committee would like to include this in the vote to approve the consent agenda. No objections.

Carl mentioned that after July's meeting, it was the intent of the council to insert a note into the minutes about the decision to remove Erich Zeichner from the council. However, that piece was not included in the minutes that were provided in the council packet. Carl proposed to add a discussion item to the agenda to address this after the consent agenda and before the financial report. No objections.

Nathan read from the ground rules and told everyone that the council has decided to institute a Parking Lot system for topics that crop up over the course of the meeting that need to be tabled and

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followed up on at a later meeting. The executive committee will be in charge of tracking and follow-up for these items.

## **2. Cooperative Community Comments (5:38pm/00:08:52)**

Comments were contributed by Jan and Laurie.

## **3. Consent Agenda: Minutes, Equity Refund Requests; Resolution of authorization for new finance manager (5:43pm/00:13:33)**

Note that during Agenda Item 1, approval of the minutes was moved to a separate, additional agenda item.

**Motion:** Jeff moved to accept the consent agenda (without the minutes). Eva seconded.

**Vote:** Catherine voted yes; Dvora voted yes; Eva voted yes; Jeff voted yes; Lauren voted yes; Steven voted yes; Tyler voted yes. Motion passed.

## **Additional Agenda Item: Discussion of amendment to the July minutes and vote to approve (5:45pm/00:14:47)**

Carl shared that an email was sent to council members after the July meeting to clarify confusion surrounding the parliamentary status of the vote that was taken at the meeting which resulted in the removal of Erich Zeichner from the council. After legal consultation, it was determined that the total votes needed for removal without a vote from the president was five. At the time of the July meeting, the council had one vacancy and Erich had recused himself from the vote, leaving seven eligible voting members. This means the two-thirds majority threshold required for removal was met at five affirmative votes (out of seven eligible voters, or 71%) with no need for the president to cast a vote in order to affect the outcome. The decision to remove Erich stands with a 5-1 vote for removal and the president's vote was not counted.

**Motion:** Jeff moved to accept the amended minutes which include the clarifying language about the vote for removal. Eva seconded.

Dvora said she would like to see the correspondence with the lawyer pertaining to this matter. Carl said it was confidential between the attorney and the president. Dvora pointed out that this involved legal business between the lawyer and the council, and therefore all council members should be able to see it. Carl said he provided a sufficient summary to the council shortly after the meeting with the attorney and no council members raised objections or had questions at the time.

**Motion:** Dvora moved to amend the motion to accept the minutes without the amended clarifying language on the vote for removal. No second.

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**Vote to accept the amended minutes: Catherine voted yes; Dvora voted no; Eva voted yes; Jeff voted yes; Lauren voted yes; Steven voted yes; Tyler abstained. Motion passed.**

#### **4. Financial Report: Draft Year-end Statements & Tom Intro (5:58pm/00:27:31)**

Mary introduced Tom Wright, the Co-op's new finance manager. Tom shared information about his background and interests. He comes to the Co-op after 17 years working for Burton and having founded and owned a mortgage company. Tom and his wife live in Charlotte and are both artists.

Tom reported on the balance sheet, saying that the Co-op's current assets-to-liabilities ratio is 3:1, which is quite good considering it is not uncommon in retail for that ratio to be closer to 1:1. The Co-op's current debt-to-equity ratio is a very healthy 0.4.

Mary presented the income statement for the last quarter of Fiscal Year 2024. Net sales (total sales after adjusting for discounts and refunds) were about \$7.5 million, bringing the total for the year to \$29.1 million, or a 3% increase in sales over the prior year. Gross margin (net sales minus cost of goods) was \$2,782,406 or 36% for the quarter. Compensation (wages and benefits) came in at just over \$2 million or 26.8% for Q4, meaning that for every dollar the Co-op made in the 4<sup>th</sup> quarter, 26.8 cents was spent on employee compensation. Council expenses were \$54,000 in Q4, mostly due to the General Manager search, CCMA, the equity mailing, Interim Assistant General Manager compensation, and legal fees. Net income after adding the value generated by the Co-op's solar arrays was \$288,000 for the quarter and almost \$700,000 for the year, which puts the Co-op in a solid financial state.

#### **5. Interpreting Monitoring Reports: L5 Financial Condition, L7 Protection of Assets (6:16pm/00:46:48)**

Mary reported compliance for L5 and L7.

Responding to questions submitted in advance by council members, Mary and Tim clarified that the Co-op has a restrictive asset that is held contingent for NCG's liability fund. It is reported as an asset because the Co-op does not owe anything on it – it is an investment parked in an insurance pool in order to access better pricing from UNFI. The pool exists to guarantee that UNFI does not come up short if one of the NCG members cannot pay their share. Mary also clarified that the Co-op's umbrella insurance policy kicks in to cover expenses and claims that general liability insurance does not. The Co-op has a 17-week series of rolling investments from which it can draw cash in an emergency with as little as one week's notice.

**Motion: Jeff moved to accept the monitoring report. Eva seconded.**

**Vote: Catherine voted yes; Dvora voted yes; Eva voted yes; Jeff voted yes; Lauren voted yes; Steven voted yes; Tyler voted yes. Motion passed.**

Organizing a finance training for council members is in the works.

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### **7. (no item 6 on agenda) Committee Charters (6:28pm/00:58:27)**

The council is in the process of adopting charters for standing committees as well as new ones.

Referring to Item 3 in the charter template, Dvora said that committees should be authorized to make recommendations but not take action -- decisions and actions should be approved by the full council. Steven said the council gives the committees the authorization to make decisions and take action, so the council body gives their approval in that way.

Steven asked whether it is necessary to require that the majority of committee members also be council members.

Tyler asked whether the intent behind the charter template is for committees to follow the template by the letter or to use it as a guideline. Carl advised that the intent is the latter. Jeff said that from Item 4 down, the template seems more like rules, and the committees should regard Items 1-3 as guidelines and 4-11 as requirements that are to be followed by all committees.

Mary asked for confirmation that the council had reviewed the Sustainability Committee charter that has already been written and submitted. Carl confirmed that the Sustainability Committee should begin meeting. Eva recommended that the committee meet with the Council President prior to the next council meeting and obtain approval at the next council meeting before starting work. Jeff said he is impressed that the committee met and wrote their charter and they should not have to delay the start of their work.

### **8. Annual Meeting Update (6:44pm/01:14:10)**

Rowan announced that the Annual meeting has been scheduled for Thursday, November 7<sup>th</sup> from 5-7:30pm at Alumnx Hall on the former VCFA campus. The Co-op kitchen will provide soup, salad, some proteins, bread and cake. Bonnie Hudspeth will be returning as the facilitator. The meeting will be a hybrid event with both an in-person and online option for attendees. ORCA will film and live-stream the meeting. The program is still evolving but will include presentations and a Q & A by Mary and Carl. Last year's hybrid meeting involved a breakout into small group discussions, and Rowan noted that this proved difficult to execute online. The Co-op administrative staff is recommending we do not attempt to hold small group discussions again this year, as the meeting will once again be a hybrid format and the time needed to get everyone situated in their groups would be better spent another way.

There will be a council candidate forum scheduled for either October 18<sup>th</sup> or 25<sup>th</sup> at the Montpelier Senior Activity Center where the candidates can engage with and answer questions from the membership prior to the commencement of voting.

**Break began at 6:50pm and the meeting resumed at 7:00pm**

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**9. Update on Staff Representative (7:00PM/01:20:07)** 

So far, all nominees for this position have declined to run; there seems to be no current interest in filling the role. The union recently had a meeting to discuss next steps and Mary is waiting to hear from them how they propose to proceed.

**10. Council Self Evaluation Presentation (7:01pm/01:21:20)** 

Joshua Youngblood, a consultant from Columinate, gave a presentation to the council about the value and best practices for conducting co-op board member self-evaluations. Joshua has been a board member for 18 years and has served as the president on two boards. He has been a Columinate consultant for eight years. Highlights of the presentation included suggestions to use a simple, appropriate and well-designed process, to include policy-based questions and questions focused on positive improvement, to remember to highlight successes, and to incorporate an assessment of the effectiveness of the use of the council's time.

**11. Council One Voice Policy (7:24pm/01:44:35)** 

Carl introduced this topic by saying that the key to being successful in policy governance is for the council and the Co-op to be perceived as performing above and beyond, and sometimes vigorous debate is required to achieve that. He said that Dvora has repeatedly acted as a freelancer speaking for the council without coordination or communication with any council officers. According to the Co-op's bylaws, only the president is authorized to speak for the council. When he asked to talk with her about this, she did not wish to speak one-on-one but rather her preference was for the council as a whole to weigh in.

Nate asked if there was broad agreement that, according to the bylaws, only the president is authorized to speak on behalf of the council. Dvora said that Section 3.5 of the Co-op's bylaws is clear and aside from communicating instructions to the GM, which should be done with one voice, council members are free to speak about (non-confidential) council matters publicly and say pretty much anything they wish. They have the same right to voice their opinions and engage in debate as all other member-owners.

Jeff said the issue is not black and white and he understands where Dvora is coming from. When the council body makes a decision, each member's job is to help their own understanding as well as their colleagues'. The council's obligation is to the Co-op and being vocal about disagreements when the vote doesn't go a certain person's way is not good for the Co-op and it undermines the whole council.

Eva said that debate and discussion are important -- among the council. Once a vote has been determined, the debate is over and council members do not get to say whatever they want. The council debates, it votes, it moves on. Moving on is essential to the structure of policy governance when running a \$30 million per year business.

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Steven pointed out that Section 3.5 says that council members may respond frankly to inquiries about council decisions and offer their own opinions, which seems to run contrary to what Jeff and Eva just said. Steven said there ought to be some discussion about what individual council members should do if they were outvoted but feel there was flagrant misrepresentation of the dissenting viewpoint in the council's public record.

Tyler put out a call to observe basic professionalism and noted that a heavy-handed application of the One Voice policy could result in the dissolution of trust between council members and by extension between the council and the membership at large.

Lauren added that this is fundamentally a question of decorum while working within a group and the group's communication path. Certain individual actions could be undermining to the council as a whole and ultimately hinder its ability to effectively govern.

Responding to assertions that council members should be able to publicly say anything they want, Carl said it is very important that the right message goes out from the council. It was concerning when Dvora made posters about the GM finalists without checking the language with the executive committee and Carl added that even the executive committee checks important messaging with others before sending it out. He noted that some real harm was done by Dvora acting alone when she reached out to the employer of one of the GM finalists, which then caused the employer to refuse to speak with Carl, who, as the council president, should have been the only person handling this type of sensitive communication on behalf of the council body.

Jeff reminded everyone that having a solid council is essential to making the Co-op's democratic structure work. He also reflected on the difficulties the Co-op experienced during the summer of 2023 involving misinformation and pointed out that some of that came from council members. He urged everyone to think about the importance of language and how it can backfire on us if we're not careful.

Dvora said she would like to distinguish between instructions given to the GM by the council and free speech by council members about decisions that were made. She reiterated that instructions from the council to the GM will be given with one voice, but individual members are still allowed to speak freely and frankly to member-owners about council decisions per Section 3.5. She said that in the future she will come to the council before initiating any publicity for council events.

Eva noted that speaking frankly is different from speaking to undermine a decision that has been made. It is still possible to speak frankly while maintaining your fiduciary responsibility to accept the board's decision and move on. All three are possible at once: to speak frankly, to maintain one's fiduciary responsibility, and to not undermine the decision that was made.

Tyler suggested the council contact some other co-ops to find out how this type of policy has been implemented in a positive way.

Steven suggested the discussion be tabled. No objections.

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**12. Council Facilitator Experiment Evaluation (exec session) (7:59pm/02:19:22)** 


**Motion:** Eva moved to go into executive session and Steven seconded.

**Vote:** Catherine voted yes; Dvora voted yes; Eva voted yes; Jeff voted yes; Lauren voted yes; Steven voted yes; Tyler voted yes. Motion passed.

Nathan thanked everyone and left the meeting. Executive session ended at 8:28pm.

**Motion:** Eva moved to authorize the Council President, in conjunction with HR, to negotiate a contract extending Nathan's engagement as Council Facilitator for a period of up to six months. Jeff seconded.

**Vote:** Catherine had left the meeting; Dvora voted yes; Eva voted yes; Jeff voted yes; Lauren voted yes; Steven voted yes; Tyler voted yes. Motion passed.

**13. Wrap-up: Action Items, Calendar, Future Agenda Items, Parking lot**  
(8:29pm/02:23:05) 

Action	Who	Notes
Schedule Community room for Columinate Financial training series	Mary	
Sustainability and Resilience Committee to meet with Carl and update their charter draft in alignment with charter template. Bring draft back for approval in October	S&R Committee	
Share Columinate slide deck with Council	Joshua Y.	Will send to Carl
Request from Dvora to meet with Tim	Mary	
Inquire with other co-ops about how they have handled the one voice topic	Carl?	

A date has not yet been set for the next executive committee meeting. Carl will advise as soon as possible and with plenty of lead time.

There will be Columinate financial trainings for the council beginning next week, then taking a pause and resuming on October 1<sup>st</sup>.

The next regular council meeting will be held on Tuesday, 10/8/24.

**Motion:** Tyler moved to adjourn and Jeff seconded.

**Vote:** By hand; motion passed.

**Adjourned at 8:32pm.**