



CONCORD FOOD COOPERATIVE

BOARD OF DIRECTORS

BOARD MEETING MINUTES

Wednesday, June 28, 2011, 6:00 PM, Co-op Offices, Concord, NH

Nancy Girard, President, called the meeting of the Concord Food Cooperative Board of Directors to order at 6:03 PM. A quorum was present.

Attending: Nancy Girard, Marcia Thunberg, Steve Hengen, Andy Duncan, Gail Fayre, Bruce Parrish, Betsy Black and Anne Renner. **Guests:** Val Hall, Cathy Menard, and Marie Colbath. **Staff:** Paula Harris (General Manager), Peter Deleault (Finance Manager), Nick Schneider (Assistant Store Manager), Joshua Bourassa (Customer Service Manager), Scott Bardier (Grocery Manager), Len Bomba (Point of Sales) and Melanie Waldvogel (Board Administrator). **Via teleconference:** John Warner (6:57-7:40pm).

Anne Renner was welcomed to the Board. The Agenda was reviewed, and determined that no reiterations of statements previously submitted in writing should occur, and that Member-Owners, as well as all Board members, should have time to speak.

June 8th, 2011 MINUTES APPROVAL

➤ **BOARD VOTE: Accept the June 8th, 2011 special gathering notes as amended.**

(Motion by Betsy Black, seconded by Steve Hengen; approved with 4 abstentions).

Andy Duncan noted that he had mentioned different types of Board conflicts of interest, such as if a Board member were a supplier to the Co-op, a competitor, or had previously worked as management. He also noted that Bruce Parrish did not attend the meeting. Marcia Thunberg noted that there was no quorum for the June 8, 2011 meeting until 7:45 and that the notes prior to that time did not constitute meeting minutes. Board members agreed to refer to the minutes as special gathering notes.

MEMBER OWNER REQUESTS

Member-Owners Val Hall, Cathy Menard and Marie Colbath were granted time to address the Board. Val Hall and Cathy Menard submitted letters to the Board prior to this discussion. Statements are summarized as follows:

Val Hall assumed the role of loyal shopper and Co-op ambassador after her previous position of General Manager. Loyalty to the Co-op is imperative to her, and she felt that Board Member Bruce Parrish ought not to vote on the proposed renovation due to his displayed conflict of interest, and his questionable loyalty to the Co-op.

Cathy Menard was motivated to speak on how the negative tone and conflict by Bruce Parrish at the meetings has created a hostile work environment. He has not acted cooperatively, and has displayed a lack of respect. Co-op employees have a right to a hostility-free environment. A personnel issue was also breached by sending a letter to Ms. Menard written by a former employee. Cathy Menard asked that the Board recognize the hostile environment created and remedy this by removing Bruce Parrish from the Board.

Marie Colbath noted that the Board application states Board Members would pass no judgment and listen respectfully to one another. The Bylaws were reviewed for Nominating Committee procedures, and Ms. Colbath asked that the Nominating Committee vet candidates with clear conflicts of interest and personal agendas, such as Bruce Parrish and Karina Giordano as a former employee. Due to former statements made by Board Member Bruce Parrish, the Board needs to look at removing him as a Board Member or calling for his resignation.

Nancy Girard noted that after the Board endured a challenging time from November to March, the decision was made to appoint Mr. Parrish in the Co-op's best interests moving forward. Member-Owner letters and also a

letter from an employee making statements about this issue were not solicited by Ms. Girard, and all were shared with the Board upon her receiving them. Anne Renner thanked all of the Member-Owners for their opinions, and voiced the three main issues raised:

- 1.) Conflict of Interest
- 2.) Alleged Impropriety of Board member Bruce Parrish, and
- 3.) The Appropriate time to address such serious charges

Gail Fayre mentioned that most improper actions occurred when Mr. Parrish was not yet a Board Member, and that employees attending Member Linkage Committee meetings are there as Member-Owners. Bruce Parrish said that the accusations were a one-sided story, there are many issues that Member-Owners aren't privy to, and that there is a lack of trust on all ends. He has assumed a whistleblower role on broken statues and is protective of shareholders. Citing RSA 293-A, Mr. Parrish felt that all information on this subject should be public. Betsy Black felt compelled to speak that Mr. Parrish was violating the Board's Code of Conduct, which states that Board Members should exhibit unconflicting loyalty to the Membership (D5.1) and pass no judgment on staff performance (D5.3). Due to his lack of responsibility to the Board, Ms. Black requested that Mr. Parrish resign from the Board. Anne Renner felt that Mr. Parrish's role in the former employee letter being sent to Ms. Menard was undermining to the Co-op and General Manager. She further noted that the Membership is lucky to have a General Manager who is doing great things for the Co-op.

The Board went on break at 6:52pm to change topics to the renovation, and resumed discussion at 6:57pm.

RENOVATION/EXPANSION PROPOSAL

Via teleconference: John Warner

Materials submitted to the Board were reviewed, and Marcia Thunberg requested a breakdown of costs by project. Peter DeLeault provided an estimate with breakouts from 4/12/11, further breakouts from 5/2/11 and the final estimate from 6/9/11. The cap cost is 1.5 million, which contains padding, and Finance Committee and staff are confident can be reduced in negotiation. Andy Duncan mentioned that the whole project makes more sense after reviewing the necessary repair projects individually.

- ***BOARD VOTE: Recommend the proposed renovation and expansion of the Concord Cooperative building in accordance with the plans proposed by the General Manager and staff, to the Cooperative Membership at large. This motion supports giving authority to the GM to execute the necessary contracts and negotiate with banks and lenders to fund the project. This project shall not exceed a cap of 1.5 million dollars over the life of this proposal. The Board finds this proposal makes sound financial sense for the continued success and growth of the Coop and the proposal addressed the mission of the Coop as well as its Ends Policy.***

(Motion by John Warner, seconded by Steve Hengen; approved unanimously).

Some Board members expressed concern over the time frame for getting the necessary information out to Member-Owners (by-laws call for 3-30 days prior to a vote), but Paula Harris felt the information could easily go out with two weeks. Channels for reaching the Member-Owners include e-mail blasts, a mailing, information on the web, and posting information in the store, as well as outreach during Market Days July 14-16. A succinct handout will be developed for the membership, which the staff is already working on.

- ***BOARD VOTE: The close of balloting on the renovation vote will be July 30th as per the General Manager's recommendation.***

(Motion by Andy Duncan, seconded by Anne Renner; approved with unanimously).

CODE OF CONDUCT

John Warner felt that the Board all needs to abide by the Code of Conduct and to treat one another with respect, which is the only way to do an effective job for the membership. An open and honest discussion is needed on whether or not Board Member Bruce Parrish's behavior is consistent with the Board's Code of Conduct.

Bruce Parrish stated that the whole story has not been presented and personal agendas are at work within the Coop. He said he played a whistleblower role, even though some regard him as a traitor. Errors that he has pointed out have led to changes in the election process and have had a positive impact. He states he has not received all of the information he has requested under RSA 293-A. Factions exist on the Board, and he was approached to serve in his role of spokesperson by unhappy shareholders. Mr. Parrish is active on other Boards and in the community, and is passionate about doing what's right. He has a low tolerance for wrongs,

and means no harm to any individual. There have been unfair accusations on all sides and facts misrepresented and taken out of context. He has never purposely violated the Board's and Coop's policies. Betsy Black noted it is not helpful to hear of factions on the Board which is an attack on integrity of the Board Members, and all Board members are also trying to do what is right. Steve Hengen made mention of Mr. Parrish's conflict of interest by being in direct competition with the Coop with his restaurant, and Bruce Parrish claimed that there was no conflict of interest as he would have no financial gain from his position on the Board. Paula Harris took offense at the letter distributed at the direction of Mr. Parrish and felt that Mr. Parrish's behaviors constituted a direct and personal attack on the Coop as his job as a Board Member is to protect the Coop, and not encourage this sort of behavior. Anne Renner remarked that at meetings, you always first and foremost serve as a Board Member, and the Board needs to be ready to step back if necessary to protect shareholder interests over conflict of interest concern. Gail Fayre noted concern over policy D5.3.3 where Mr. Parrish has made statements against the General Manager. Mr. Parrish again mentioned that he has the best interest of the Coop at heart and that in good conscience can make an unbiased vote in the best interest of the organization (in fact, despite some concerns, he voted for the renovation tonight).

Val Hall took issue with two main items, 1) that Mr. Parrish was offensive in the Member Linkage Committee no matter what role he was playing there, and 2) that any appearance of Conflict of Interest is an issue, which undermines shareholder confidence. Marcia Thunberg expressed a level of disconcert with the conversation, and reminded the Board that the pros and cons of electing Mr. Parrish were discussed at length prior to electing him, and this Board needs to abide by that decision. She is not in favor of removing Mr. Parrish for a code of conduct violation as the Board is new to enforcing this. Discussions and disagreements are healthy, and the Board needs to move beyond this and focus on the business. Andy Duncan felt that respect is needed for all perspectives, which has been lacking. He mentioned many positive experiences, such as the retreat, Mr. Parrish's loyalty to the Co-op and the way he has pushed for better processes at the Co-op, which counterpoint the judgments of the General Manager and her staff. Anne Renner said that having the General Manager and other Member-Owners speak that this Board Member has brought them personal pain is a big issue. Mr. Parrish's service to the Co-op is balanced by his hostile comments to the General Manager, employees and some Board Members. Gail Fayre said the Board needs to do a better job of listening to different viewpoints and respecting those views, and Board self-reflection may be needed. Betsy Black felt that conduct has been undermining and not helpful, and the Board has to abide by the process in place for evaluating the General Manager. She also went out on a limb to have Mr. Parrish appointed to the Board and he is not making the process easy. Cathy Menard submitted an e-mail sent to her from Mr. Parrish which was read to the Board by Nancy Girard. It also contained a brief e-mail from former employee Karina Giordano and Ms. Menard's response to both e-mails. Andy Duncan stated a duty of loyalty issue exists. Employee Len Bomba remarked he submitted a letter to the Board that called for Mr. Parrish's resignation, and the positive changes to processes he mentioned that have occurred, never would have if he had been elected as he had hoped for in October. Betsy Black said that any changes to process were by act of omission only, and the Board should be credited with acting immediately on the changes. Steve Hengen noted and read the parts of Policy D5 most germane to the discussion:

POLICY D5. DIRECTORS' CODE OF CONDUCT

D.5. The board commits itself to ethical, businesslike and lawful conduct, including proper use of authority and appropriate decorum in group and individual behavior when acting as board members.

D5.2 Board members must avoid any conflict of interest with respect to their fiduciary responsibility.

D5.2.1 There must be no conduct of private business or personal services for profit between any director and the organization except as procedurally controlled to assure openness, competitive opportunity and equal access to "inside" information. Required controls will include full disclosure and board consent, with competitive bidding where directed by the board.

D5.3.1 Board members' interaction with the General Manager or with staff must recognize the lack of authority in any individual director or group of board members except as noted above.

D5.3.3 Board members will make no judgments of the General Manager or staff performance except as that performance is assessed against explicit board policies by the official process.

D 5.4.4 To accept group decisions as legitimate.

The Code of Conduct has been signed by all Board Members. The Board is not comfortable with making any decision on this issue tonight. Holding a special meeting to continue the discussion was considered, and the Board decided to take up the issue at the July 20th regular Board meeting. Andy Duncan saw three options for proceeding: take no vote on the matter, vote to have Mr. Parrish removed, or having Mr. Parrish recognize the wrongs and work to correct this. Marcia Thunberg noted working through issues together would be most productive, while Paula Harris felt concern that the behavior would not change and she stated she would not continue to let him attack the Coop. Gail Fayre said that Mr. Parrish needs to reflect on the Code of Conduct and his behavior relative to the Code, and come back to the Board with a statement.

Bruce noted that the letters submitted to the Board are one-sided opinions, and his concern remains the well-being of the Coop. Mr. Parrish will have the opportunity for self reflection and time to collect his thoughts on these charges.

NEXT STEPS

- Nancy Girard will adjust the agenda for July 20th to discuss this issue directly after minute approval.

ADJOURNMENT

- **BOARD VOTE: Adjourn the meeting.**

(Motion by Marcia Thunberg, seconded by Betsy Black; approved unanimously).

The meeting adjourned at 8:26pm. The next meeting is scheduled for Wednesday, July 20th, 2011.