

**Middlebury Natural Foods Cooperative
Board of Directors Meeting
March 24, 2010
Approved 4/28/10**

Board members present: Kristin Bolton, Ilaria Brancoli Busdraghi, Ross Conrad, Francisca Drexel, Mary Gill, Kate Gridley, Michelle McCauley, Ashar Nelson (presiding), Tam Stewart.

Board members absent: Jay Leshinsky, Johanna Nichols,.

Others present: Susan DeWind (staff liaison), Glenn Lower (General Manager), JS Woodward (potential Board member), Peter James and John Rooney (guests), James Maroney (interested person)

Board monitor: Kristin

Call to order: Ashar called the meeting to order at 6:30 p.m.

Members' business: A letter from Annie Claghorn was noted about the issue that "local" does not always mean GMO free (incorrectly stated in the newsletter). GMO grains are being used to feed meat animals.

Kate, along with Barbara Ganley and Judy Stevens, will be starting a weekly food and gardening column in the Addison Independent (both printed and on their website) with an emphasis on local and including recipes.

Ashar announced that he will not be seeking re-election to the Board and, as all board members are eligible to apply, recommended the succession discussion for Executive Committee should start as soon as possible and be finalized in the June agenda to include new members.

Approval of the minutes of the meeting on February 10, 2009

The minutes were approved as amended. The vote was unanimous on a motion made by Michelle and seconded by Ross.

Guest Discussion: The organic vs. conventional dairy discussion of last month continued in this meeting with a talk with Peter James and Jon Rooney of Monument Farms. They are a three generation farm in Weybridge of 1100 cows, milking about 460. They process only their own milk, one of two such dairies in VT. They grow all their own hay, corn and grains using no GMO seed and follow the stringent State nutrient management and crop rotation requirements for larger farms to manage their environmental impacts. These include soil loss and manure, lime and urea applications on grass. They grow approximately 450 acres of corn. They feel that with these practices, they have no more impact on lake pollution than organic farming does, contrary to James Maroney's position. Later this year they will finish installing a methane digester such as supplies Cow Power at CVPS. This technology burns the gases in manure for energy production, separates out and treats solids to use as bedding and uses the remaining liquid, as

fertilizer. Processed liquids with an aerated application method reduces runoff and other environmental impacts on the soil.

Glenn reiterated appreciation for the good, long term relationship between MNFC and Monument Farms and offered to be helpful in this down economy. MNFC has encouraged them to maintain their prices during times of low wholesale milk prices. Glenn asked if they might consider going to organic milk production in the future. They have considered it and feel they could not do that exclusively and it would be difficult and expensive to try to balance both. They would need additional crop land and pasture and a separate processing facility. While not discounting the possibility, they prefer to focus on doing what they do well rather than doing both, spreading themselves thin on both.

Monument Farms welcomes visitors to the farm and asked the Board to encourage members to come see their operation. Kristin pointed out that their operation fits well with the MNFC Ends in being local with good environmental practices providing a healthy product and livable wages.

The Board briefly discussed what input they have had on this issue so far and agreed to continue the dialogue. But there seem to be consensus that this is not the only and highest priority for Board education and, being a large and very complex issue that might affect all dairy products in the store, not one the Board will act upon soon. It was suggested that down the road this might be something the Neighboring Food Co-op Association could study as a regional issue

General Manager's report: Glenn asked the Board to approve a date of Sat., June 5 for the Annual Meeting celebration on the Green which they did by consensus.

Quarterly financial statement and 3rd quarter financial monitoring report: Glenn presented the 3rd quarter financial monitoring report. The Co-op is healthy with 2nd quarter net income at 2.7% of sales, well above budget. Kristin asked about the current debt:asset ratio which is 2.47. This is well above industry average as well as MNFC standard. There was discussion on whether this ratio is too high, having more money than necessary but consensus was that it is good to have money in reserve for capital projects and enabling community loans. Ross said there is not enough data to evaluate employee benefits to know if they are equitable. The Board will look for more data in future reports from the GM on other co-op's compensation and benefits to see where MNFC fits into the industry averages. Kate moved and Michelle seconded to accept the financial monitoring reports. All voted in favor.

2010-11 Business Plan: The Board acknowledged receipt of the 2010-11 Business Plan which includes how the plan promotes MNFC Ends. It is a lengthy document, each department having their individual plans as well. In addition, the priorities for the next 3 years include work on staff satisfaction and compensation/benefits, addressing short and long term backroom space issues, and keeping MNFC financially healthy.

Kristin appreciated understanding what the GM is planning and how ends show up in the plan. There were positive comments on staff training on what it means to work at the Co-op and democratic ownership as well as the marketing plan and so many local vendors in produce. It was noted there is not much about ends in the deli and grocery

plans. MNFC will try to increase local products as an overall goal, not just by department, through expanding offerings from existing vendors rather than adding new owns. Storage space needs will necessitate an additional walk-in cooler and/or freezer.

Patronage dividends are mentioned through out the Plan. This would return some of retained earnings to members while keeping some for capital improvements with some tax benefit. If implemented, the member perspective will be kept in mind with a large education effort made on why we would change to this system.

Ashar said he sees the Co-op as a model business leader and wondered where that would be seen in the Plan. Glenn responded that he sees the Ends making the Co-op a leader but it is not actually in the Ends. There was discussion about the Plan including strategy for attracting new shoppers and anticipating how fast the Co-op should grow so it does not overwhelm itself. Perhaps the Co-op needs to consider a soft-sell to control growth. Tam said he would like to see the reasoning behind the marketing strategy.

Linkage Committee: The committee plus Michelle will work on the Annual Meeting. There was consensus that Board members should mingle more with people as well as table conversations to improve member linkage. There was discussion of changing the annual report format to be more inviting and there should be an emphasis on fun and food.

Board Development Committee: It was reported that at that time there were 2 applications for Board seats and 3 other possible candidates. The deadline is March 31.

Executive Session: Kate moved and Michelle seconded that the Board go into Executive Session at 8:40 pm. All voted in favor.

Meeting closure: The Board came out of Executive Session at 8:52pm. On a motion by Ross_, seconded by Michelle, the Board voted 9:0 at 8:53p.m. to adjourn.