

**Middlebury Natural Foods Cooperative**  
**Board of Directors Meeting**  
**July 28, 2010**  
**Approved 8/25/10**

**Board Members Present:** Kristin Bolton, Ross Conrad, Mary Gill, Kevin Lehman (arrived 7:05), Jay Leshinsky, Michelle McCauley, Karen Miller-Lane, Tam Stewart.

**Board Members Absent:** Ilaria Brancoli Busdraghi, Francisca Drexel, Kate Gridley,

**Others present:** Susan DeWind (staff liaison), Reiner Winkler (Bulk Manager), Rachel Zakrasek (guest presenter)

**Board Monitor:** Tam

**Call to Order:** Jay called the meeting to order at 6:34 pm.

**Member's Business:** A request from member-owner Dottie Nelson came to the Board asking them to sign a letter to the VT Agriculture Department in support of a program to get slaughter houses to meet standards for humane treatment of animals. While voluntary, businesses that did comply with standards would receive a designation as a "Humane Business". Michelle made a motion, seconded by Mary, that the Board of Directors agree to sign the letter by Dottie Nelson to support creation of high standards for the humane treatment of animals in slaughter houses. All voted in favor. Jay will follow up with Dottie and request that she write an article for the October newsletter for member education on this issue.

**Approval of Minutes:** The minutes of June 23, 2010 were approved as amended. The vote was all in favor with Mary abstaining, on a motion made by Kristin and seconded by Ross.

**Education presentation:** The primary education piece of the evening was a presentation by Rachel Zakrasek, a Middlebury College graduate who did her thesis on The Impact of Climate Change on the Addison County Food System. She wanted to look at the vulnerability and adaptation of local farms to the effects of climate change. Her study was not so much about individual farms but what she termed the Social-ecological System with the circular effect between humans and the environment: what we do to the environment, how these changes in turn affect us and then how we respond to these.

She interviewed 21 different farmers (dairy, meat, bee keepers, maple sugar makers, vegetable, etc.) about their opinions and practices with regard to climate change. While an increase in number and severity of storms, higher rain totals, plant damage and warmer temperatures (all leading to more stress on animals and plants) were noted by most, only about half felt these were definitely due to climate change. Others remained unsure.

Rachel described two different adaptive capacities farmers have to respond to climate challenges – strategic and reactive. She found many farmers are not acting strategically. They feel they need time to assess what is happening and don't feel they have the expertise to judge the science of climate change. She found there is a shift away

from relying on their observational knowledge and experience of their own land. Rachel found they are constrained to stay in current practices by tradition and by generational issues. Without a younger generation to succeed them in their businesses there is not the motivation to plan strategic changes.

More likely, farmers are adapting reactively. As circumstances change and challenges arise, only then do they respond with action steps. They are relying quite a bit on local networking that offers advice and supports observational knowledge. They may do things like choose hardier plants or diversify their crops to meet the variability of climate.

As our culture is increasingly about hyper-consumerism, cost valued more than quality, supporting local food economies is a way to support farmers in the face of climate changes. Building community, lowering carbon footprint, maintaining food and economic stability, promoting diversity and self-reliance are all elements of the adaptive capacity of the farming community.

The Board discussed briefly how MNFC can help farmers in the face of these changes. Farmers need local food initiatives and network support for planning and educating themselves on how to increase their adaptive capacities. They have to be encouraged to work in collaboration and partnering, how to diversify (both regionally and within their own micro climates) and experiment with new practices.

**Financial Statements:** Jay passed out examples of variance statements to go with the article and sample budgets that were in the Board packets. He said it is important to have the right questions to ask to get the information needed to do due diligence. Variance reports help directors assess a co-op's position in comparison to both its own history and to industry norms. In turn the board can then judge if the budget is realistic. Currently MNFC is very liquid having about \$900,000 available for capital projects and the \$2-300,000 needed regularly for operating expenses. A higher debt ratio comes at times of expansion. Because MNFC is conservative in managing its money, it has been able to support other co-ops.

**Patronage Dividends:** Ross reported on a look at Patronage Dividends that is being considered for MNFC. Many co-ops use this now. Instead of discounts as you shop, member-owners are given a year-end return of money based on the amount of profits for year and the amount one purchases during the year. The co-op can choose how much over a legally required minimum of 20% of profits to distribute, thereby retaining control over what is needed for capital projects. There are benefits in that these monies are not taxed and it controls how much money is returned to member-owners, leaving the co-op less vulnerable financially than with discounts.

The big drawback is the huge educational effort to make what is a cultural change. As member-owners would lose the immediate gratification at the register of a discount, the benefit becomes more of a collective one than individual one. Generally a year-end dividend tends to be less than the accumulation of discounts. It would have to be determined if this in turn would have an effect on sales and profits. Administrative costs will also have to be considered.

Michelle questioned how this would enhance connection to members. They may resist the change as they don't know how much they are saving. It was suggested that if

the current discount is kept, it might be possible to let them know what their running total is. Kevin suggested it might be possible to make it optional for members to donate their discounts back to the Co-op for projects or use the money to support the local food systems.

**General Manager's report:** Reiner reported that Jeff and Caden had left in addition to some summer deli staff. Interviews for a new manager will start in early August. Watson moved the front sign to comply with zoning requirements. Work has started on the new deli freezer and the back storage shed will soon follow. On the question of how these added fixtures support the MNFC Ends, these new fixtures support the local food economy enabling the Co-op to stock and supply more local product for weekly sales.

**Education committee Plans:** Kristin presented the committee's plan for the remainder of 2010 Board meetings. In August there will be discussion of the tertiary level of carbon footprint (member traffic, waste, supply chain, etc.), environmental impact of farming and what steps are needed to change practices. September will be a start on visioning and brainstorming what are the Co-op's next steps in planning what to do with all the information gathered over the last two years, growth and how to be environmentally sustainable. November will continue that conversation as well as plan for the annual retreat.

**Board Monitoring:** The Executive Committee will develop a format for assessing Board meetings and work done.

**Next Meeting:** Education discussion for 1 hour, financial reports, monitoring report and BDC assignment of webinar reports.

**Adjournment:** The meeting was adjourned at 8:41 pm on a motion by Michelle, seconded by Tam. All voted in favor.

Respectfully submitted by Susan DeWind