

Middlebury Natural Foods Cooperative
Board of Directors Meeting
November 16, 2011
Approved 12/14/11

Board Members Present: Kristin Bolton, Ilaria Brancoli Busdraghi, Joseph Cadoret, Ross Conrad, Francisca Drexel, Mary Gill, Kevin Lehman, Jay Leshinsky, Karen Miller-Lane, Tam Stewart, JS Woodward.

Others present: Susan DeWind (staff liaison), Glenn Lower (General Manager), Reiner Winkler (staff)

Board Monitor: Tam

Call to Order: Jay called the meeting to order at 6:30 pm.

Member's Business: The Board discussed the importance of being competitively priced on fresh local turkeys.

Approval of Minutes: On a motion made by Jay and seconded by Ilaria, the minutes of October 26, 2011 were approved as amended by Kristin, Ross, Mary, Jay, Joseph and JS with the rest abstaining except Kevin who arrived after the vote.

GM Ends Monitoring Report: Glenn gave an overview of this report, saying that he had made the effort to show not only data but the "story" and a behind-the-scenes look at how much is done day to day in meeting the goals of the Co-op. Consensus was that the Board thought this approach was helpful and interesting. Jay said that the questions he had encouraged directors to use from CDS to review the report would help define plans for next year's work on affordability in the 3 year plan.

Healthy Food:

Organic – Sales of organic products were slightly down from last year. These are hard to track. Member-owners could be surveyed to see if they want more available. Reiner supported tracking trends by department as percentage of products rather than percentage of sales.

Buying Criteria - The criteria sets a standard for healthy food that could expand in the future but Glenn felt it also creates a tension with affordability. He reminded the Board of the phrase "for whom, at what cost". While it promotes trust with customers that what they buy is healthy, it creates limitations, could make for higher prices and may undermine loyalty. Tam suggested trust and loyalty are different. Ross said the criteria could also be seen as a way to educate people about their food and why certain foods are not carried. Glenn feels he has to assume customers are happy if sales go up.

Whole foods – These products are maintaining their share of sales growth in all departments, especially bulk.

Vibrant Local Economy:

Sales of local food were measured in April only. 2012 may be different because of reduced production this year due to the bad weather. "Local" coupons from the Addison Independent totaling \$26,437 were redeemed in the last year. Kristin asked if loss-leader weekly sales were helping sales or decreasing margin. Glenn said this was hard to assess but he feels they did help in price image. Overall, margins are down but the store is healthy. Local products are labor intensive, already with a low margin and inconsistent in having sufficient quantities available. He will study emphasizing local in the weekly sales as it is very costly and may not be the best approach. Local does differentiate MNFC from other stores and people appreciate that. MNFC average basket size (\$30) is larger than other co-ops.

Ross noted that the current economic structure requires growth and that, on a finite planet, using more and more resources is not sustainable. Kevin pointed out that a shift to more local means dollars stay in the community instead of leaving. Kristin said the goal is vibrancy and asked if we can meet Ends if we keep increasing grocery.

Environmentally sustainable and energy-efficient practices:

Glenn talked about the produce department's efforts with composting and recycling waxed produce boxes to keep them out of the waste stream as well as reducing costs for vendors. Kevin mentioned ACORN's community composting. Ross asked about promoting Fair Trade, noting the difference between Global vs. USA standards; USA does not use as stringent criteria. Glenn said there is no differentiation right now in the store. Promoting more locally grown product as opposed to locally produced product might be a goal. There was discussion about how to reduce prepackaged bulk and general supplies.

Cooperative democratic ownership:

Comments in the Board suggestion box are few and mostly about operational issues. Of note are comments on affordability and requests for products. Member-owner equity is \$2.5 million out of \$4 million total assets.

JS suggested graphs would be easier to read if backgrounds were white and each bar labeled.

Joseph asked why there are only four Ends. Affordability was a fifth End but Michael Healy encouraged limiting them to four as more manageable and achievable.

Jay said the Executive Committee recommended that monitoring review should use four criteria: was it done on time, was the interpretation reasonable, was there data to back it up and did it comply. On a motion by Ross, seconded by Tam, all were in favor of accepting the Ends report.

Building Board Wisdom: Kristin presented the revised thinking that focus should be put on one year's work rather than three and that this coming year would be on affordability. The January 21st retreat will be used to refine this plan, establish what the Board will study and how to integrate it with studying growth. Engaging members during and after the study will help create policy which is the goal for this process. Glenn supported this approach and will facilitate gathering information and see what other co-ops have done and what data is useful.

Communications Committee: Board articles can be meeting summaries or other topics. There is a 50 day delay from writing to mailing the newsletter but they could be posted sooner on website. There was discussion if signing up for articles should be on the agenda.

CDS Contract Renewal: The cost of the contract has increased by \$300 to \$5,850. It includes consulting, library, webinars, trainings, data collection and board president support. A motion by Tam, seconded by Karen, to renew the contract for 2012 was approved by all.

B-GM 2 & 3 Self Evaluation:

#2 - The Ends report was timely for review of GM's role. Glenn does report operational and policy concerns to the Board. There was consensus that this gets the Board what it wants from GM and works well.

#3 – Internal reports include monitoring which are accepted or accepted with recommendations. There should be a catalog of actions on reports so any questions get answered by year's end for more transparency. The marketing study is an external report. Management reviews can be part of Board inspection.

Next Meeting: The December meeting starts at 6:00 pm with a potluck dinner. Michael Healy will be invited to attend.

- GM evaluation
- Financial monitoring
- Retreat preparation
- Buying Criteria
- Local vendor policy
- Base Camp

Jay will send the conflict of interest forms to everyone for signature and they will be collected at the meeting.

Adjournment: The meeting was adjourned at 8:36 pm on a motion by Kristin, seconded by Joseph. All voted in favor.

Respectfully submitted by Susan DeWind