

**Middlebury Natural Foods Cooperative
Board of Directors Meeting
April 16, 2014**

Board Members Present: Ilaria Brancoli Busdraghi, Ross Conrad, Steve Getz, Sheila McGrory-Klyza, Tam Stewart, Louise Vojtisek.

Board Members Absent: Francisca Drexel, Mary Gill, Kevin Lehman, Jay Leshinsky,

Others present: Victoria DeWind (staff liaison), Steve Koch (Staff), Glenn Lower (GM),

Board Monitor: Louise.

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

Member's Business: Ross reported a member-owner questioning the necessity of duplicate products in more than one department, particularly bulk and grocery. Glenn explained some of this is because people who want to avoid gluten do not shop in the bulk department because of possible cross contamination.

Tam read Daryl's letter of resignation from the Board effective immediately due to his work commitments.

Approval of Minutes: On a motion made by Ross, seconded by Ilaria, the minutes of March 26, 2014 were approved as amended with all in favor and Sheila and Steve abstaining.

GM Report: Walmart is planning to drive down prices of organic food nationwide by 25% with its new in-house line of products in partnership with Wild Oats. Steve Getz informed the Board that this applied to fruits and vegetables, not dairy as had been feared as its prices are already so tight. Glenn anticipates the impacts on MNFC sales from Trader Joe's opening in Burlington as well as Walmart in his 2014-15 budget. He talked about the need for co-ops to organize around competition and change to meet community needs. The new Portland, Maine co-op is getting good member-owner sign-ups in spite of Trader Joe's and Walmart there. Trader Joe's does not push sustainability but does support farmers.

Business Plan and EL3 Monitoring: Glenn said that the Plan does not include the long range planning conversations results and that will have a big influence. There are currently no specifics for expansion and he is remaining open and listening with no agenda. Co-op Conversations have been quite varied. He received a call from the Brandon Economic Development Officer who would like to discuss a satellite store. This would be economically challenging with their population base but a buying club with MNFC support might be a first step. Glenn is keeping the 2013 vision paper as part of the Plan.

The Buying Criteria remains the corner stone of MNFC. The Education Plan includes customer service training, events, website upgrades, etc. to increase education impacts. How to pay for the associated costs has to be considered. No new labor hours are planned for the coming year. Personnel costs are 21.2% which falls in the middle of what all co-ops spend. Conventional store costs are usually lower with lower margins. Brattleboro and Hunger Mt. has more deli and therefor higher personnel costs.

MNFC is moving ahead with collaboration on a 150kw solar farm with Misty Knolls Farm in New Haven. As MNFC will not own this solar array, the electricity goes into the grid rather than directly to the Co-op. Steve Koch said there would be a slight monetary return of 5% (\$1,500-2,000 per year) so it will not significantly reduce our electricity bill. This will be a good way to lead by example by making an important contribution to lowering the state wide carbon footprint. There remains the plan for MNFC to someday have its own solar project to lower its own costs.

Ross asked about the missed tax payment. The CPA did not see it as a problem and there are now two people monitoring payments.

There was discussion about whether enough money was budgeted for the website upgrade as it will leverage other activities and increase educational impacts.

Glenn explained the 2013 increase in otherwise down-trending Total Liabilities chart in EL3. As liabilities change every day with timing of payroll, account payables etc., it is a moment in time that is reflected and not necessarily an overall trend.

Projected bad debt includes bounced checks and non-reimbursed manufacturer coupons, lower than other stores.

Glenn summarized financial highlights: \$12M gross income, .65 costs/.35 margin, .21 labor, .03 net income, increased profit sharing (due to increased wage scale).

In response to a question about Every Day Low Pricing (EDLP) Glenn said this will have to be considered as part of price image and accessibility. One drawback is that people over time forget that it is special pricing and expect more.

Ross suggested that graphs be kept near the relevant topics for easier reference. While later reporting gives more accurate numbers, it would be helpful to have more time, within reason, for the Board to read the Business Plan.

There was consensus that EL3 was on time with reasonable interpretation of sufficient data and in compliance.

BDC Charter Review: For the next discussion on this topic, it was agreed to review what the committee has done for the past year and then check if the charter reflects the work as opposed to writing the charter to direct the work.

NOFA/Gas Pipeline: NOFA received the MNFC resolution concerning a Memo of Understanding with Vermont Gas. There was an NOFA/VT Gas meeting on April 15 to discuss rerouting the pipeline to avoid organic farms. They will focus on the PSB review. Sheila noted the personal comments included in the email forwarding the resolution to NOFA and suggested those should be kept separate from official communications.

Executive Committee: There was discussion of how to respond to requests from member-owners for positions on political or risky issues. Tam reported a comment from Jay on a point he heard at a conference that people make such requests of co-ops as they regard them as a safe place to bring political, food and environmental issues. Co-ops are open and responsive and often welcome such requests. Creating a policy including a decision tree and metric to determine if it is operational will be discussed. Louise felt that discussion of requests should take place at the meeting following the meeting at which a request is made.

Executive Committee slate: All incumbents have offered to stay on the EC if re-elected. No others expressed interest at this time. Glenn thanked the Board as it shows a sign of a healthy Board and co-op. It was agreed that directors must give notice if they are unable to attend a Board meeting.

Next Meeting – April 16:

EC slate – director elections

BDC – charter review

GP 7

Annual Meeting

Risky position policy

Board meeting attendance

Adjournment: The meeting was adjourned at 8:20pm on a motion by Louise, seconded by Sheila, with all in favor.

Respectfully submitted by Victoria DeWind