

**Middlebury Natural Foods Cooperative
Board of Directors Meeting
June 25, 2014**

Board Members Present: Ilaria Brancoli Busdraghi, Ross Conrad, Francisca Drexel, Mary Gill, Kevin Lehman, Jay Leshinsky, Sheila McGrory-Klyza, Tam Stewart, Louise Vojtisek.

Board Members Absent: R.J. Adler, Kate Gridley.

Others present: Victoria DeWind (staff liaison), Glenn Lower (GM).

Board Monitor: Louise.

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

Member's Business: Louise mentioned a new on-line business called "Plated". After placing an on-line order, all the ingredients and recipe for a meal for two are mailed to you. This type of food marketing might be considered as an option by MNFC as it would promote learning about components for nutritious meals, how to shop of them, and cook with them. There is a similar pre-order meal business operating in Middlebury but it produces completely cooked meals that only require reheating.

Approval of Minutes: On a motion by Francisca, seconded by Jay, the minutes of May 28, 2014 were approved as amended with all in favor and Ilaria and Tam abstaining.

GM Report: Four Pillars Farm had crop damage from a hail storm in early June. On a motion by Ross, seconded by Louise, the Board voted all in favor to approve a loan of \$3,000 at 0% interest to Four Pillars Farm to be paid by \$250 invoice reductions weekly over 12 weeks. The Board will discuss future farmer loan policy at its July meeting. Small farms cannot afford to carry expensive crop insurance.

Glenn's report included a notice of a bill from Getty Images for unauthorized use of their images. He has consulted with a copyright lawyer (pro bono) and will explore options. More in-house images will be used in the future.

Slower sales growth was discussed. Other co-ops are experiencing it as well, especially in vitamins. Some of this is due to the opening of Trader Joe's. NCGA may try to address the issue.

Annual Meeting: The Board discussed the event with Karin Mott by speaker phone. She said, while it is a fun party and good PR for MNFC, the large event on the Green is expensive, labor intensive, very weather dependent and the meeting gets lost in the party. The smaller meeting at the Methodist Church this year had good focus and discussion but the attendance was only 38 with many staff and invited local vendors. Karin felt that MNFC doesn't get the best branding out of having big events away from the store. On site would make the Co-op goals and business model clearer. MNFC already has two major public events. The Earth Day celebration promotes MNFC environmental End and the Harvest Festival promotes local food. Karin suggested considering a tent at the Co-op with finger food and displays, possibly during business hours for the Annual Meeting.

There was general consensus that the Board would like to plan the meeting to do more to promote the Co-op mission. It should have a meaningful purpose and support local products and

related themes. Making the meeting an annual conversation and engagement with member-owners on a topic should be its defining purpose.

The Board discussed ways to increase attendance. Holding a raffle, doing a separate invitation mailing and offering pre-order free tickets to reserve a seat may increase commitments by people to come. Glenn noted that earlier meetings were held on week nights and should be considered as a Saturday night may be less attractive for a meeting.

EL 4 – Financial Monitoring: Glenn reported in compliance for all sections. The Board discussed the issue of declining sales growth. MNFC is still in a strong, somewhat unique, position with 3.1% gross profit to balance the lower growth. Glenn said there is a 10-12 year life cycle in sales, profits and memberships for co-ops that take place around major changes. It was agreed that co-ops cannot be complacent and must continue to innovate to stay competitive and retain sales. Jay posed the question if innovation to stay on the leading edge is traditional growth or is it looking at different ways to change as MNFC is doing now.

Glenn discussed the over-budget administration expenses. Rather than carry the soft costs for lawyer and consultant fees, market studies and designs for a project on the balance sheet, he suggested to the accountants that they be budgeted when generated and they agreed.

Personnel costs were high due to profit sharing. Promotions did not include member-only discounts as they were not in place when the budget was created.

The Board agreed that the report was on time with reasonable interpretation of sufficient data and was in compliance.

Board meeting Attendance & Compensation: The Board discussed a draft of the attendance policy to be added to GP 4. The Board agreed that monitoring attendance should not fall solely on the President; it should be a whole board consideration. It was agreed that directors must be responsible for giving notice for missing a meeting and provide explanations for multiple missed meetings. Changes were made in the draft policy:

Section a - attendance to be taken at each meeting to increase accountability.

Section c – for two consecutive absences it will be discussed in executive session unless it is previously resolved with the President.

Section d – missing four out of twelve meetings will be discussed in executive session.

For director compensation, there was concern that increases may have impacts on the budget and these should be considered. It was agreed that increases should be 4% or match store sales growth, whichever is less, and will be reviewed annually in May to set the amount. It was also agreed that payments will be annual and prorated for partial years.

On a motion by Ilaria, seconded by Louise, all voted in favor to include the amended attendance and compensation guidelines into GP 4.

Board Calendar: The July meeting was moved to the 5th Wednesday, July 30. A tentative date of June 3, 2015 was set for the Annual Meeting. A retreat date will be discussed in September. Revisions to the monitoring calendar are still under consideration to give committees time to prepare their calendars and plan for Board meeting agenda time.

Tam will step down from the Communications Committee and Sheila will take over as chair. R.J. will be asked if he is willing to join that committee. Kate has offered to serve on the Board Development Committee.

GP 3 Board Committee Principles: Ilaria asked that sections have bullets instead of numbers. It was agreed that review of this GP will be postponed until the charter revision is complete.

Next Meeting – July 30:

Farmer loan policy draft

BDC charter

Monitor GP 6 – Conflict of Interest posting on Basecamp. It was agreed to also post on the MNFC website and consolidate it to use less paper.

Adjournment: The meeting was adjourned at 8:45pm on a motion by Tam, seconded by Mary, with all in favor.

Respectfully submitted by Victoria DeWind