

**Middlebury Natural Foods Cooperative  
Board of Directors Meeting  
November 30, 2016**

**Board Members Present:** R.J. Adler, Nadine Barnicle, Ilaria Brancoli Busdraghi, Ross Conrad, Lynn Dunton, Kate Gridley, Ann LaFiandra, Jay Leshinsky, Tam Stewart, Louise Vojtisek, Amanda Warren.

**Board Members Absent:**

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

**Board Monitor:** Louise

**Call to Order:** The meeting was called to order at 6:32 pm.

**Member-owner Business:** Ross said that if there is a need to cut costs in the expansion planning it is important not to cut things that can't be done later. Glenn said the team agrees on this.

**Approval of Minutes:** On a motion by R.J., seconded by Kate, the minutes of October 26, 2016 were approved with all in favor and Kate, Ilaria and Nadine abstaining

**GM Report:** Glenn reported on the successful Thanksgiving holiday week in the store with no staff missing, no out-of-stocks and less congestion with free standing displays removed from the aisles. Cheerful, helpful customer service was noted by the Board. Sales were 5% over last year with \$87,000 on Tuesday. Success was even more noted due to Stonewood Farms loss of half their turkey flock. Misty Knolls was able to provide the needed turkeys. Extra turkeys went to the food shelf. As Stonewood does not have insurance for their loss, the Board asked how the Co-op could help them. Nadine suggested a pre-buy program for next year. Glenn will look into how the Co-op can be of assistance.

R.J. was impressed with the year-to-date sales growth of 6%, wondering why since Trader Joe's opening and Greg's closing are well behind now. Lack of large competition and an affluent community that is very supportive of the Co-op help its sales growth.

Glenn said that staff contributions to his Ends Report helped to reduce his time spent on it and Greg as Store Operations Manager has already taken work away from his desk. Reiner said he has enjoyed working with Greg who listens well and has lots to offer from his experience including ideas for merchandising.

Glenn praised the member loan team's great work. The Co-op has \$950,000 cash in hand. The paperwork has been complicated and the average loan is \$4,000. Ross asked about a follow-up campaign or other ways to donate. A second offering can be done in 6-12 months and share purchases and other ideas will be considered.

Glenn discussed the expansion schedule. The underground tank (which, it was found, is a 3,000 gallon size with mostly water and sludge in it) will be removed Dec. 11. Construction documents and budget numbers will be done soon along with estimates for future replacement of mechanical equipment. New equipment will go in the new space while retaining the current rack system in the existing space with heat recovery capacity to stay within the budget. Installing all new equipment would have cost \$660,000. Jeff Glassberg, Naylor and Breen and Vermont Integrated Architecture are a good working team sharing in MNFC values. Consultant Bill Gessner sat in on a planning session and commented that the process is "beyond stellar".

Jay asked if the garage demolition cost would go out for a separate bid. Glenn did not have a definitive answer. The cost of asbestos and lead removal has been anticipated.

Jeff and Glenn will be meeting with six banks soon regarding a \$1.4 million loan with 4% fixed interest, a classic loan formula. They want to close on the loan early, before construction. R.J. asked what the bank can do to support the Co-op by promoting it such as Northfield Savings does for its loan customers. The final budget will come to the Board for approval in December.

**Ends Report:** Glenn noted the challenge of providing new data with his current time restraints but will provide any if there are Board requests. The Board noted the impressive progress in a “robust” report and appreciates that staff takes the Ends seriously.

**Healthy Food:** Ross asked about the interpretation of “healthy food” and if there may be holes in the buying criteria. He suggested in the future it could be considered with policy change or Board discussion. Glenn noted that industry changes have made more products available that meet the buying criteria. Produce has pulled back from 100% organic to meet more customer needs but the department feels it is in a good position. Ross suggested the Co-op could help customers with in-store labelling for GMO now that the federal law has weakened the standard. Glenn supports the message “if you want to know it is GMO free, buy organic”. Reiner noted that there are no GMO products in the bulk department but with only some items able to be labelled as “certified” it makes it confusing for customers. Lynn asked if there is an aspirational list of criteria that the Co-op does not do already. Organic and local are first consideration. GMO, less processing and less packaging could be discussed.

**Vibrant local economy:** Local sales are 34% of total store sales, a 12% increase over last year. Supporting local takes more resources and has lower margins than other products which puts pressure on the whole-store margin. In produce it is 6% lower than regular margin. These costs are internalized unlike at other stores. Local is important to customers and it keeps the community vibrant.

**Environmentally sustainable and energy efficient practices:** Glenn said it is hard to measure but he uses product categories as indicators of progress. He mentioned the increase in organic banana sales after lowering the price. Ross asked about the necessity for graphing these indicator products but it was agreed it gives an overall picture and measures more than one End.

**Democratic ownership:** Patronage dividend payout is the highlight for this year with \$152,820 paid out to 4,900 member-owners. City Market just paid out \$900,000 to 11,000 member-owners. MNFC membership and equity are growing. Working members continue to be important to MNFC while other co-ops are eliminating their worker programs.

**Learning about these values:** Measurement is done in activities the Co-op organizes rather than outcomes. It includes internal staff and Board education as well as external programs. The Board noted the success of the new website and social media in showing Co-op activity.

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

**CBLD contract:** Tam said it is time to renew the annual contract which includes the same services as before – 15 hours of direct consulting, facilitation and the CBLD 101 workshop. The cost is \$6,850, up \$200 from last year. On a motion by Ross, seconded by Nadine, the Board voted all in favor to renew the contract.

**GM evaluation:** Tam reviewed the process as described in BGM#3. It goes on throughout the year including GM reports and a review of financial documents. It can also include third party audit/consultant reports such as staff surveys. There will be an executive session in December and Tam will post an evaluation document on Basecamp for Board comments.

**Winter Retreat:** Kate asked if future growth was the desired topic or were there other suggestions. Increasing social impact was suggested as well as best practices in growth instead of increasing store footprint. There was a suggestion that Bill Gessner be invited to lead the retreat. March 19 was selected as the date for the retreat.

**Next Meeting:** December 14, potluck at 5:30, meeting at 6:00.

EL12 – digital

EL 4 - financial

GP7 – policy creation

Expansion budget

Retreat update

Executive Session – GM evaluation

**Adjournment:** At 8:38 the meeting was adjourned with all voting in favor of a motion by Ilaria, seconded by R.J.

Respectfully submitted by Victoria DeWind