

**Middlebury Natural Foods Cooperative
Board of Directors Meeting
March 23, 2016**

Board Members Present: R.J. Adler, Nadine Barnicle, Ilaria Brancoli Busdraghi, Ross Conrad, Lynn Dunton, Kate Gridley, Kevin Lehman, Jay Leshinsky, Sheila McGrory-Klyza, Tam Stewart, Louise Vojtisek.

Board Members Absent:

Others present: Victoria DeWind (staff liaison), Don Glauber (Board candidate), Glenn Lower (GM).

Board Monitor: Louise.

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

Member Business: Louise recommended Michael Pollan's documentary "Cooked", a view of food through four elements – fire, water, air and earth. A take away from the show for her was the more you process food the more money you make from it.

Approval of Minutes: On a motion by R.J., seconded by Ross, the minutes of February 24, 2016 were approved as amended with all in favor and Sheila abstaining.

GM Report: Glenn explained the need for a motion to exclude Board officers from Workers' Comp Insurance which is due for renewal on April 1. Ross made a motion, seconded by Sheila to approve that the Executives of the MNFC Board (Tam as President, R.J. as Vice President, Lynn as Treasurer and Louise as Secretary) are to be excluded from Workers' Comp coverage, similar to past years. All voted in favor.

Ross mentioned that the act to stop GMO labelling did not pass in congress and General Mills has announced they will start to label all their products. Ross suggested adding GMO's to the buying criteria at some point.

Ilaria asked about comments received regarding expansion. Glenn said there is a comment box with the display, he has received approximately 40 emails all of which he has responded to and there were 10 people at the meeting with architects last week. Without details for interior changes, most the comments have been about traffic flow, parking, street intersection safety and rear access. Plans have now evolved to "Concept D" which will go the Naylor & Breen for costing and Nicole from CDS will do a first draft interior layout. Jay reported comments he has received about sufficient back room space and the future need to expand again or leave the site.

The Board expressed strong disappointment that the new WIC standards do not include food co-ops. Glenn said NCG is supporting efforts to include them, Emily is working on this through the Hunger Council and FFA member-owners have been included in the comment process.

EL 4 - Financial Condition: The Board discussed the impact of the extra day in February this year. Daily sales average about \$40,000. Louise noted the higher than budget credit card fees. Glenn said that 75% of sales are paid by a credit or debit card so higher sales will increase card costs. Ross said he had discussed the more or less level current ratio in recent years with Steve.

Steve's view is that as assets depreciate, the ratio hits a ceiling and the ratio is as good as it is going to get. Glenn reminded the Board it will go down after expansion.

The Board agreed that the report was on time with reasonable interpretation of sufficient data and was in compliance. Glenn said quarterly financial monitoring works well for him and during expansion it is possible it should be more frequent.

EL 9.1 – Buying Criteria – Increasing local and organic: Glenn noted the new graph included in his report that shows strong growth of local and organic vs. the whole store. Kira provided numbers as well which shows that good growing seasons help to increase local and organic sales.

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

EL 11 – Vendor Policy: The report includes guidelines for vendors and buyers as well as staff education notes. The Board all agreed that monitoring this EL once a year would be sufficient.

Lynn asked about the negative wording in ELs of “not fail to”. It was explained that while it is negative, it is standard wording, allows choice in meeting standards, and easier for a GM to stay within a boundary rather than opening up without boundaries.

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

Electronic Voting: Tam and Glenn reported their discussion of e-voting. Preliminary research has shown that e-voting at other co-ops has resulted in significant decrease in voter participation. If the Co-op decided it wants to do e-voting, with limited time before this year's election, there is not enough time to develop a system that can include both paper and electronic ballots and a thank you for voting coupon. Studying if there is a need to change to an electronic system, research systems used at other co-ops, the possibility of increasing voting with paper and e-votes, extra incentives to vote with a raffle as well as a coupon and how to use the website were suggested and should be considered. It was agreed that Glenn will report back to the Board in September. Don asked about voting percentage of member-owners. Glenn said usually about 10% but last year was almost 15% with the patronage dividend vote.

Board Budget: In spite of Board expenses being a minor cost of about .27-.35% of the overall budget, it was agreed that Board should make and approve their budget separately. The Annual Report costs have previously been included in the newsletter budget. The proposed budget is based on a CDS template and numbers from Steve's past budget records. All voted in favor for a motion by Ross, seconded by Sheila, to accept the draft Board budget.

Elections: Kate announced 9 candidates: incumbent R.J. Adler, Don Glauber, Ann Lafiandra, Amanda Warren, Myles Kamischer-Koch, Kevin Kite, staff member Ian Ross, Owen Rogal and Greg Witscher. Kate encouraged everyone to work on getting out the vote.
(Don left the meeting)

Retreat Follow-up: The Board discussed strategic priorities and next steps which may include a mid-year mini retreat. Tam reported discussing Ends with Michael Healy who pointed out that they serve more as policy than mission statement and they agreed are somewhat awkwardly worded. The Board agreed with Michael's assessment that they can be seen as more inward

facing toward operations than outward to the community. A mission statement would better show why the Co-op exists and why it does what it does. The Ends better serve to show what the Co-op does rather than why.

With the goal of creating a new MNFC mission statement, the Board agreed to form an ad hoc committee to work on this. There was strong consensus that staff should be included in the committee for this work. Ends will remain, though perhaps slightly reworded, and will help shape the new mission statement and be a means for measuring fulfillment of the mission. R.J., Nadine, Kate and Tam offered to be the Board members of this committee.

Pricing Proposal: Ross had provided a proposal in the packet as a follow up to the retreat. He offered an approach to expansion to plan the building and create new services that would enable MNFC to reduce prices and end the repeating 10 year expansion cycle. Lynn asked if the Co-op used a pricing formula. Glenn explained that the Co-op uses variable margin pricing that is implemented differently in each department rather than a uniform store-wide margin. Dairy has lower margin pricing to keep competitive with other stores while Deli has higher pricing margins. These then add up together for the store margin and helps to support local. This makes pricing changes complicated.

He further explained that because packaged grocery items require less handling labor, this makes margin minus labor higher than other departments and therefore helps support other department numbers. How the Co-op does business, how to stay profitable while changing prices and impacts on the community have to be considered.

As expansion plans move forward, this is a time sensitive consideration that a mission statement could help guide. Future planning in light of this proposal is multi-layered and will be part of the Board's April agenda.

Executive Session: At 8:26, on a motion by R.J., seconded by Jay, the Board voted all in favor to go into Executive Session for a real estate issue. At 8:53, on a motion by Ilaria, seconded by R.J., the Board voted all in favor to come out of Executive Session.

Next Meeting: April 27

Adjournment: On a motion by R.J., seconded by Ross, the meeting was adjourned at 8:55 pm with all in favor.

Respectfully Submitted by Victoria DeWind