

Middlebury Natural Foods Cooperative
Board of Directors Meeting
June 22, 2011
Approved 7/27/11

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

Board Members Absent: Kate Gridley.

Others present: Susan DeWind (staff liaison), Michael Healy (consultant), Glenn Lower (General Manager).

Board Monitor: Tam

Call to Order: Jay called the meeting to order at 5:42 pm.

Member's Business. Kristin reported further conversation with Christina del Piero about her concern that MNFC should use less packaging in bulk.

Approval of Minutes: The minutes of May 26, 2011 were approved as amended. The vote was all in favor with Ilaria, Joseph and Ross abstaining, on a motion made by Tam and seconded by Ross. The minutes for the June 4 Annual Meeting were accepted. Ross suggested that documents referred to in the minutes be filed with the minutes.

General Manager's report: Glenn discussed his request to make a \$5-\$10,000 loan at 1-3% to start-up co-op Monadnock Community Market in Keene NH. The funds would come from the repayment by Weaver Street Co-op of their \$25,000 loan. As this is an unsecured loan, the Board wants to have approval of such loans. Glenn said the MNFC would likely be in the middle of a list of lenders should there be a default. There was consensus that they have done their due diligence on financial and market analysis and planning and, with other co-ops giving loans as well, this would be a good way for co-ops to support each other. A motion was made by Ross, seconded by Kristin, to grant authority to Glenn to decide on a loan between \$5,000 and \$10,000 at an interest rate of 1-3%. All voted in favor with Karen abstaining as she missed the discussion of this issue.

Francisca suggested that MNFC consider starting a regularly funded account for such loans as an endowment. Glenn said the NFCA is considering if they would do loans. Michael pointed out that Onion River gives their GM blanket permission to invest within limitations and Ends.

(Kevin arrived)

EL Monitoring: Glenn noted that since he gave out the draft report at the last meeting he has caught up on annual reviews. On EL 4.5 he noted that total expenses were 5.3%, over the 5% limit and therefore not in compliance. He explained it is due to the accelerated depreciation recommended by the accountants in order to reduce tax payments. While new equipment goes on the balance sheet and the value decreases, the rate of the decrease is optional. The \$90,000 depreciation this year is way above the usual. It was agreed that

given this was the advice of the accountants, non-compliance on the budget is not an issue and it does save money on taxes.

Kristin pointed out that other co-ops have higher margins which creates more income and asked if the Board is comfortable with this. Currently, Glenn sets margins and he said management feels MNFC margins are healthy and not excessive. He pointed out that departments have to adjust if they want money for new projects and they are saving for the future. Consensus was that current margins are healthy and good for MNFC image; customers see MNFC is trying to give more value and coupons to draw customers. There would have to be a given reason or a major project to explain any increases.

In EL 3.4, planning for future fiscal needs, Glenn said he would like to follow through on getting a commitment for a future sale of the property next door to MNFC. This will require an environmental assessment.

All were in favor of accepting the monitoring report. It was agreed there should be future consideration of the redundancy of 3.2.

Committee Assignments: This, with the meeting calendar, will be finalized at the July meeting.

Adjournment: The meeting was adjourned at 6:42 pm on a motion by Ross, seconded by Tam. All voted in favor.

Respectfully submitted by Susan DeWind