

Middlebury Natural Foods Cooperative
Board of Directors Meeting
July 24, 2013
Approved 8/29/13

Board Members Present: Daryl Benoit, Ross Conrad, Francisca Drexel, Mary Gill, Kevin Lehman, Jay Leshinsky, Sheila McGrory-Klyza, Louise Vojtisek.

Board Members Absent: Ilaria Brancoli Busdraghi, Steve Getz, Tam Stewart.

Others present: Victoria DeWind (staff liaison), Steve Koch and Reiner Winkler (staff). Peter Carothers, Tom Dunn and Rich Carpenter of Acorn Renewable Energy Co-op.

Board Monitor: Louise

Call to Order: Jay called the meeting to order at 6:33 pm.

ACORN Renewable Energy Co-op Presentation: Peter Carothers reviewed the Energy Co-op's history and the solar project they built for Middlebury behind the police station. It is 528 panels on 1 acre of land, cost \$666,000, has a 25 year life span and is producing about 180,000 kW/year. Panels are guaranteed for 25 years and degrade at a rate of about .5%/year. There are three off-takers.

A similar size project would meet MNFC needs. Currently the Co-op spends \$48,000/year for electricity. The roof of the Co-op building is not adequate for such a project so there is an effort to find a location to do this remotely. The ideal would be to work with a Co-op farmer vendor that has unused, non-agricultural land near a 3 phase GMP power line. The land owner could be one of the off-takers or not. If it is a conserved farm they may have to work with Vermont Land Trust or Vermont Housing and Conservation Board for a project. A project is possible this year - built, financed and operated by Acorn's partner, Encore Redevelopment. There would be an option to buy after 7 years at fair market value by MNFC and/or the site host.

Member's Business: Reiner relayed a call from Eliza Desautels who requested that MNFC be a store where she could shop for healthy food without having to read labels to make sure that there were no GMO's or corn syrup.

Approval of Minutes: On a motion made by Ross, seconded by Jay, the minutes of June 26 were approved with all in favor and Daryl and Louise abstaining.

GM Report: Reiner informed the Board about the plan for a member-only sale program in September. This program will replace the member-owner coupons. This weekly sale would be for products that meet Ends such as local, Fair Trade and cooperative ownership. Purchases would be unlimited for members-owners. The change simplifies the newsletter so it can then be available in hard copy to all customers in the store and encourages people to become a member-owner. E-newsletters could then possibly include blogs, links and videos. The Board felt a newsletter readership question should be included in a survey.

EL 4 - Financial Condition Monitoring: Jay noted that Glenn reported being in compliance on all sections except 4.5 because personnel expenses were more than 5% over budget by 1.3%.

This was due to profit sharing being over budget with higher than expected sales growth. Higher wages and increased staff hours will bring it in line for the next fiscal year. The Board accepted the report as not on time due to the audit, had reasonable interpretation of data provided and not in compliance on 4.5 with a plan for its resolution. The next EL4 report will be reviewed to confirm corrections to this issue.

Patronage Dividend: Jay said idea for the change to patronage dividends came from last winter's retreat. Glenn reported he will have a comparison of this to the 2% discount done as part of expansion planning. Currently \$127,000/year is paid out in 2% discounts. This would require a by-law change voted on by member-owners.

Ross expressed concern that, while it increases funds for MNFC, member-owners will get less back and starting now is not enough time to build enough equity to fund expansion. Reiner felt that this change would not produce a reduction in food prices and it would only affect net income, not margins. How this would affect Board, staff and volunteer discounts is unclear. Kevin noted this emphasizes collective good over individual benefit that strengthens the Co-op and looks to the future. Patronage dividend allows for loans to other co-ops, meeting Ends and expanding services. Glenn has expressed concern about timing a change as there will likely be no profit at the time of expansion.

The consensus was to keep researching this idea, that more information is needed, there will need to be a strong education effort so as not to lose members-owners and perhaps they should meet with other co-ops that have done this. Ross encouraged looking for other ways to raise money to avoid loans with interest for expansion.

VT Natural Gas Pipeline: The Communications Committee recommended that MNFC not sponsor a forum on this issue. Work time for the Board is limited. The consensus was that leading by example is a better way for MNFC to be involved. There was a mix of opinions on being involved in this issue:

- As a food provider, it did not seem relevant to MNFC.
- If a position were taken, it should be that natural gas does not meet Co-op Ends.
- This is a community issue and MNFC is part of the community so there should be a statement.

There was discussion about whether the Board can take a position as an independent body, not representing member-owners or can they represent member-owners before polling them for what their thinking is on this issue. They decided that Jay will work with Glenn on a position statement that, as a business, it is MNFC's long term plan to find other solutions to energy use than fossil fuels of which natural gas is one. This statement will go into the newspaper and/or the MNFC newsletter. In this way MNFC can push toward solutions rather than be against one.

Monitoring: GP Overview – Governing Practice: In addition to capitalizing committee names and Ends, there was consensus that Executive Committee (EC) in #2 needs to have a leadership policy written. It was agreed that the EC should compare policies of other boards as well as consult with Michael Healy and draft a policy for the next Board meeting. Jay will also review the committee charters to see if they work as policy.

Monitoring: GP1 – Board Tasks: This GP was accepted with changes in capitalization.

Conflicts of Interest: Louise claimed she has no conflicts. Daryl claimed he has no conflicts unless there was an issue related to his work on transportation at ACRP.

Next Meeting – August 28:

- Draft Gas Pipeline letter
- Solar project
- GP3 monitoring
- Patronage Dividend pro forma
- Survey questions
- EC policies
- Board development – 3 seats open next year.

Adjournment: The meeting was adjourned at 8:47 pm on a motion by Louise, seconded by Mary. All voted in favor.

Respectfully submitted by Victoria DeWind