

Middlebury Natural Foods Cooperative
Board of Directors Meeting
November 20, 2013
Approved 12/18/13

Board Members Present: Ilaria Brancoli Busdraghi, Ross Conrad, Francisca Drexel, Steve Getz, Mary Gill (executive session only), Jay Leshinsky, Sheila McGrory-Klyza, Tam Stewart, Louise Vojtisek.

Board Members Absent: Daryl Benoit, Kevin Lehman.

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

Board Monitor: Louise.

Call to Order: Jay called the meeting to order at 6:32 pm.

Member's Business: None

Approval of Minutes: On a motion made by Ilaria, seconded by Ross, the minutes of October 23, 2013 were approved as amended with all in favor.

GM Report: In response to a question about the difference in current ratio numbers in the Ends report and his estimate for the impact of the NCGA loan, Glenn said the current ratio in projections for before and after a loan to the NCGA Co-op Loan Fund were pro forma figures, not actual.

Line of Credit Renewal: People's United Bank requires a renewal every 2 years. Glenn recommended it be increased to \$200,000. He did not know if Vermont Credit Union or National Bank of Middlebury could give the Co-op a line of credit. Tam moved, with a second by Steve, to approve raising the MNFC line of credit up to \$200,000 with People's United Bank, and the authorization of People's United Bank to process telephone requests by the MNFC bookkeeper (Steve Koch), general manager (Glenn Lower) or Board treasurer (Ross Conrad) to draw on the line of credit, and further to authorize any of the same persons to sign the loan documents for this line of credit. All voted in favor.

GM Ends Monitoring Report: With the goal of making progress on meeting Ends, Glenn reported being in compliance on the whole document rather than in each section.

Healthy Foods – It was agreed that unit tracking as well as sales is helpful. A unit is one scanning beep at the register or, if it is bulk, it is per pound. Sales growth has slowed, as reflected in a national trend as well as the natural progression from an expansion and basing numbers as a percentage of the increased numbers from each year before. Meeting the healthy foods End could be measured by responses to a question to customers, “are we meeting your needs?” The “whole food” departments make up 49% of sales. Louise asked about providing more recipes and information about using bulk products to customers. Reiner said there is much more of that now, thanks to Karen Getz's work.

It was asked if the MNFC donations to and support of the Food Shelf is made known. It is included in the Annual Report which Glenn felt is sufficient.

Vibrant Local Economy: The sales of local products is increasing. Black River Produce is carrying more local items and an unusually high 234 individual local producers sell directly to the Co-op. It is an expensive way to do business but Glenn pointed out that that is what co-ops do. MNFC has a strong promotional program for local products to increase their sales.

Regionally, MNFC is a member of the Neighboring Food Co-op Association. Three Vermont farms are in their regional sourcing program. NFCA helps further the local effort but it is a long term effort with slow results.

Environmental Sustainability: This is hard to measure but tracking reuse and recycling gives an indication. Shortage of backroom space makes storing various materials challenging and more uniform containers would help. The Deli does its best to sort and clean plastic but it is not always possible. Glenn mentioned possibly using reusable containers with return deposits. Steve has been tracking energy use for years and has done much of the “low hanging fruit” in energy efficiency upgrades. Seasonally, MNFC sees improving sales/kilowatt hour. For the existing store, Glenn says there are three possible efforts to take on: an off-site solar agreement (which is almost ready for signing), a smaller solar panel on the store roof and having a systems analysis done.

Cooperative Democratic Ownership: Membership continues to grow, now over 4,000 as well as equity in the Co-op. The Board has a strong presence in the newsletter and the store.

Education: Education is not part of the Business Plan currently. Emily Mathews is expanding the live demo program. MNFC continues to hold various annual events. The search for a way to hold cooking classes on site is stalled for now due to space limitations and health regulations. Meanwhile updates to our website are planned and staff training is on-going.

Glenn also noted his report includes sections on other priorities for achieving Ends: quality staff supported by improving compensation and benefits measured in low turnover, improvements for a safe and efficient physical plant and maintaining strong finances. Jay noted internal staff promotions to best use employee skills while having an open hiring process.

The Board accepted the monitoring report as on time, with sufficient data, reasonable interpretation of the data and in compliance.

CDS Contract Renewal: Jay noted the value of the CDS library and encouraged more use. On a motion by Jay, seconded by Tam, all voted in favor to renew the contract for 2014. Jan. 11 is the CBL101 workshop in Keene NH and March 15 is the Co-operative Café.

Board Election Packet: Ross suggested adding a note about additional compensation for Board officers. With other editing suggestions, Victoria will make revisions for consideration at the next meeting.

Patronage Dividend: Now that the Board has had an information session, pro forma planning and an outside consult, Jay said the Executive Committee felt it is important for Glenn to know now if the Board was ready to have him move ahead with the project. Ross suggested that member-owners might have to spend more out of pocket for their purchases than with discounts. Glenn said that depended on the amount of money returned to member-owners each year. Some discounts would continue with some possible changes for staff, Board and Co-op Connections businesses. Member-owners who would continue receiving discounts would also receive a patronage dividend.

Glenn proposed starting an engagement process soon but wants to know that the Board feels good about the change and supports his plan. He is considering hiring Michael Levine to consult as his specialty is engagement, not branding. If the change is linked to expansion planning, it is possible a vote in May would be too soon. There was consensus that the change should be decoupled from expansion. It should be considered on its own, while emphasizing cooperative ideals. Member-owners should be asked to support patronage dividends to generate capital that helps the Co-op reach its Ends in a democratic cooperative way. Member-owners can receive other benefits to make up any differences in savings. There was general support for Glenn to start the next steps for a change to patronage dividends.

NCGA's Cooperative Loan Fund: Glenn provided answers to some previous questions about the Fund. The Fund would make primary loans for \$1-2 million. It is a good way to support and strengthen co-ops in competition with conventional large businesses. Jay said that the loan would earn more than Co-op investments in CDs and how the money is used fits the MNFC Ends. It was agreed that this would be the safest of all MNFC loans with good oversight.

Ross moved, seconded by Sheila, to approve the MNFC loan of \$50,000 to the NCGA Co-op Loan Fund. All voted in favor.

Next Meeting –December 18: Potluck at 6:00pm

Election packet

EL4 – Financial Condition

Retreat planning

Executive Session - GM evaluation

Executive Session: The Board went into executive session for real estate discussions at 8:30 on a motion by Louise, seconded by Jay, with all in favor.

Adjournment: The executive session ended at 9:08 and the meeting was adjourned at 9:08 pm on a motion by Tam, seconded by Ilaria. All voted in favor.

Respectfully submitted by Victoria DeWind