

Middlebury Natural Foods Cooperative

Meeting of the Board

27 August 2014

Approved 9/24/14

Board Members Present: RJ Adler, Ilaria Brancoli Busdraghi, Ross Conrad, Jay Leshinsky, Sheila McGrory-Klyza, Tam Stewart, Mary Gill

Board Members Absent: Francisca Drexel, Louise Vojtisek, Kevin Lehman, Kate Gridley

Others Present: Melinda Bachand (Minute Taker), Glenn Lower (GM), Reiner Winkler (Staff)

Call to Order: Meeting called to order by Jay at 6:30 pm

Member's Business:

- Previously, Ruth Hardy contacted the Board in reference to Eden foods. It was decided by the Board that her concern was an operational issue rather than a topic for Board discussion. Glenn agreed that Ms. Hardy could write a document expressing her concerns for the November newsletter as an educational piece.
- Louise spoke to the owners of Otter Creek Kitchenware and Electronics. They have an under-used space which they are willing to have the Co-op use for educational purposes, including cooking classes.

Approval of Minutes: On a motion made by Ross, seconded by RJ, the minutes of July 25, 2014 were approved as amended with all in favor and Ilaria abstaining.

GM Report:

- Elm City Co-op defaulted on a four million dollar loan, with two, potential outcomes based on a pending decision from the lender: NCGA might become involved, or an unnamed non-profit (not a co-op) might step in. Glenn will update the board when the bank makes a decision on how to proceed, as it is ultimately up to the lender.
- MNFC is involved with a group of co-ops who have worked in tandem to create a supply agreement with UNFI, so that the supplier will treat them as a chain of stores in an effort to lower prices. Within this group, there is a joint-liability fund which acts as a way to ensure UNFI debts are paid when a single co-op defaults, which is the situation with Elm City. Once funds have been taken out, they would have to be replenished.

Tam requested additional information be provided about this fund; he expressed concern over a potential, future snowball. Glenn reminded him that it was set up to allow us better pricing, which allows co-ops to be more competitive while also encouraging them to work together.

- There was a discussion on the second draft of the Long-Range Plan. Ilaria stated how much she liked the document, specifically citing its general layout. She did feel that there should be something included to indicate that the written plan is related directly to the Co-op conversations.

Sheila agreed that the second draft was greatly improved from the first. She appreciated the bullets and thought it was easy to read. The second part, the narrative section, she thought needed some work and agreed to go through it herself.

Tam questioned the layout, saying that it isn't clear whether there is a three-part single direction, or if readers were being offered a choice of three, optional directions. He recommended that each direction be broken into three parts: goals, strategy, and tactics. Further, he says that each of those parts should be weighed consistently against each objective. Finally, he believes that a similar process be employed in the second, expanded section of the document.

Glenn explained that, within the document he was attempting to build an argument that ended with the conclusion of an expansion. RJ said that he saw the strategy explained by Glenn, and appreciated it. He felt more tactics could be more exciting, and liked the way the plan built up to the concept of expansion.

Tam said that *if* the purpose of the plan was to sell the expansion, the buildup is effective. However, he feels that we should be selling more than the general idea for expansion, to which Sheila agreed. Moving forward, Tam said that the structure should include expanding the infrastructure, expanding community outreach, and developing and improving the operational processes; growth and expansion should be presented as more than simply expansion of the building.

RJ points out that such a thing could easily be communicated by simply reminding the audience that the written plan is a result of the Co-op Conversations.

Jay references the community diagram, included with the Long-Range Plan, stating that the emphasis is more than just the store, but what the Co-op can be and where everyone wants it to go.

Ilaria asked about including a conclusion – a small blurb at the end that focuses the directives of the first point of all three parts.

Glenn says that the physical expansion does need to stand out and not be glossed over; citing the importance of transparency.

Ross then brought up what he felt were three, large problems:

1. There is nothing within the document indicating how the Co-op will prevent a repeat of its current predicament.
2. In the part on saving money, there is only one tactic – the dividend system – which he doesn't think is enough to save the amount of money needed to avoid loans.
3. He does not believe that the visual (the community diagram) is accurate in that the initial tree does not depict the growth we've experienced all along.

In reference to the section on saving money, Glenn said that he had not wanted to go into too much detail, thus mentioning "local funding sources". And his point with the visual had been to show that up to this point, the Co-op and the physical store were almost the same size. Showing the trees as he did was meant to relay the message that we want to evolve.

Reiner said that he believed the visual to be accurate; everything being contained within the store versus being part of, but separate. It is a good representation.

Tam commented on the idea of "more than just a store". He felt something was missing from the diagram and created a new one which showed a non-physical layer. He said we should be looking to grow more than just the store, but to date, very neglected, web-based information layer. He expressed the importance of the non-physical part the store and our future growth, citing it as the biggest part that will affect the whole of the tree.

Jay then said that when discussing this, there needed to be clarification on where the responsibility of the Board lay and where operations picked up. To this, Tam recommended having an outside consultant – a digital strategist – meet with the board. Jay agrees with this, saying that having someone with more experience speak on the topic will help give the board focus.

- There was a brief update on the discussion surrounding farmers' loans. Per Jay, Glenn feels that it is a key issue, but with him managing deli, it had been placed on hold.
- The topic of the Buying Criteria Committee (BCC) was initiated by Ross, who thinks that the charter makes it look like the committee is more proactive than reactive. He says that the wording should be changed to correct this.

Tam said that the BCC was initiated at a time when the Board had more operational dealings – a better grasp of what was on the shelves, and generally more involved in the buying criteria. He said that the buying criteria is now so well observed by the department buyers (employees), that the committee isn't, in his opinion, needed. Instead, let the people in the store, whose job it is, monitor this.

Sheila then asked Glenn if he agreed with Tam's perspective, to which he replied that there may be some members who feel like there should be another body, aside from the staff, monitoring the buying criteria. Tam responds by stating that this is what the Board does.

Jay said that, from a policy perspective, there is something to monitor. His concern, however, is about additional criteria and where they might come from. Glenn responded by saying that the recent changes made have come about through a general awareness.

Ross then said that he is open to getting rid of the BCC, but has some reservations. He said that the BCC came about as a result of the Board and the staff having conflicting notions on how to promote and police items on the shelf, and that without attention from non-staff, the criterion wouldn't grow as rapidly.

In response, Tam says that the committee hasn't been pushing policy and that adding to the criterion.

Sheila then asks why the BCC isn't active to which Ross responds that the inactivity is due to conflict with the staff; they are focused primarily on profit margins and the board doesn't like to conflict with them.

Reiner objects, saying that there is no "the staff". Some employees would very much like to see stricter buying criteria while others feel it is already too strict.

Tam then makes a motion to settle the discussion – to get rid of the BCC until it can be recreated to fit current needs.

Sheila said that, as a member, she liked the idea that there was somebody paying closer attention to the buying standards. Tam responds saying that if there is concern that current monitoring isn't sufficient, then monitoring should be increased, but that the BCC isn't actively doing anything.

Tam then made a movement to dissolve the current committee and to have the Board continue to monitor the buying criteria annually. RJ seconds. Vote for motion, with none opposed, Ross abstained.

The Board discussed the Board Development Committee charter. Made some changes. Voted to approve.

The Board voted to go into executive session at 8:40pm for a brief discussion on real estate. The Board came out of executive session at 8:49pm.

Sheila made a motion to adjourn with RJ second at 8:50pm

