

**Middlebury Natural Foods Cooperative
Board of Directors Meeting
March 25, 2015**

Board Members Present: R.J. Adler (6:40), Ilaria Brancoli Busdraghi, Ross Conrad, Mary Gill, Kate Gridley, Kevin Lehman, Jay Leshinsky, Sheila McGrory-Klyza, Tam Stewart, Louise Vojtisek.

Board Members Absent: Francisca Drexel.

Others present: Victoria DeWind (staff liaison), Emily Millard (staff), Reiner Winkler (staff sitting in for Glenn Lower, GM).

Board Monitor: Louise.

Call to Order: Jay called the meeting to order at 6:30 pm.

Member's Business: Ross talked about the issue of renewable energy credits (RECs) being retained by developers of clean energy projects in VT and then sold out of state. While the work of developing clean energy is done here, the credit for it is being sold to companies that are not doing the work in other states so that they can meet their quota. He encouraged support of a new bill to keep RECs in state and not to sell them from future solar array construction.

(R.J. Arrived)

Approval of Minutes: On a motion by Ilaria, seconded by Sheila, the minutes of February 25, 2015 were approved as amended with all in favor and R.J., Kate, Kevin, Sheila and Tam abstaining

GM Report: Reiner told the Board about his recent meeting at Hunger Mt. Co-op with co-op bulk managers from Hunger Mt., Brattleboro and City Market. MNFC is the only co-op to have an independent bulk department; at the other co-ops they are under the grocery manager and tend to be a smaller part of the store. He noted that Hunger Mt. bulk bins are so covered with signage it is hard to see the food in them. Packaged bulk is also displayed label in front whereas MNFC tries to display food in front.

What is in common with these co-ops is, in spite of stable, strong margins, sales growth is declining. There is room in bulk pricing for flexibility but bulk prices are generally increasing and there is more competition from large chains. Deli departments in these co-ops are all doing well. The Board discussed how to promote and encourage people to buy and cook with bulk. Along with more demos and education, a meal package of bulk products with cooking directions was suggested. Encouraging people to use their own packaging was encouraged.

The Board discussed how to get out the vote for the by-law change as well as the Board elections. Using the perspectives gained at the retreat, it was agreed that manning a table at the May 2nd festival (as well as other times in the store or on the plaza) to talk to member-owners about patronage dividends would be helpful. Reaching out in one on one conversation or phone calls was also mentioned. The Board also encouraged staff to make voting as easy as possible. Reiner will make a note to have Scott consulted on creating a voting button on the registers. There will be a voting coupon in the newsletter. There are six candidates for four seats.

In his GM report Glenn noted information he received from a member-owner about the company Libera in Sicily that has been formed to combat the mafia's 80-90% strangle hold on the economy. Ilaria confirmed this, saying the company is a good organization; their prices however tend to be high. Reiner said department managers could look into their availability.

Sheila asked about staff reactions to patronage dividends. Emily said that Glenn had met with everyone and worries for customers losing discounts were allayed and there was overwhelming support for the change. They also appreciated Glenn encouraging them to be honest with member-owners with their opinion about this.

There has been member-owner feedback that patronage dividends seem just like a corporate tax loophole but Glenn has explained how this differs and that the money belongs to member-owners, not to a corporation. It also only saves the Co-op paying Federal tax dollars, not State and Local taxes.

(Emily left the meeting 7:30)

EL4 – Financial Condition: Sales growth at 3% is below budget but the rest of the quarterly report is strong. Tam noted that though sales are down, cost of goods is also below budget. All co-ops are in a similar sales growth situation with the strong push by larger chains to compete on organic, and even local, sales. Consensus was that growth decisions must be made in light of this. There are, however, several new co-ops forming and the uniqueness of co-ops needs to be emphasized.

The Board agreed that the report was on time with good interpretation of sufficient data and in compliance except for sales growth.

EL9.1 and 11 were not included in the packet for monitoring. It was agreed that they can be postponed until their next regularly scheduled monitoring in September. There was consensus that the monitoring schedule should be reviewed when making next year's work plan.

Retreat review: The Board felt this was covered sufficiently in the earlier patronage dividends vote discussion.

Digital Upgrade: Sheila asked about the status of the study for upgrades. Empatico's Rich Nadworny will be at the next Board meeting to present his executive summary and recommended steps for operations.

By-Law Change for Patronage Dividends: There was general support for the CDS proposed wording with minor editing. The Board felt that Glenn should get a legal review of it before warning it for the vote. Reiner said that it will be included in the newsletter but it will be on a separate page from the ballot. The Board wants it posted on the website as well.

GP2 – Executive Committee: The Board discussed the necessity of having an Executive Committee. It was agreed that ad hoc committees could do the same work. On a motion by Tam, seconded by Louise, all voted in favor of disbanding the Executive Committee as a standing committee, effective following the upcoming election cycle.

The consensus of the Board was that the proposed written nomination and voting process is easier and could always be changed if it does not work. It will take place in June after the elections. On a motion by Jay, seconded by R.J., all voted in favor to adopt the new nomination and election process.

Annual Meeting: The meeting will be on Weds. June 3 at American Flatbread in the Marble Works. Along with pizza and cash bar, there will be an update on Co-op Conversations and expansion plans. In the face of increasing competition in the market, the Co-op will need to look at how to adapt to protect its margins as part of expansion planning. Emphasizing the uniqueness of the Co-op is something that the large chain stores can't do. It is hoped member-owners will attend but, as pointed out by Michael Healy, if they want to only participate economically with their shopping, that's ok. "If they come through the door, they are agreeing with you".

Community Supported Agriculture: Kate asked about the impact of CSA's on produce sales. She wondered if they could be tracked to see if they take away from MNFC's sales which may be why they tend to be stronger in winter. It was suggested that maybe MNFC could be a CSA too.

HOPE is still working with ACORN and Hannaford Career Center on freezing and storing summer produce. The possibility of new branding and options focused on young families was discussed. R.J. suggested promoting classes on why and how to budget shop at MNFC. Reiner said the Karin and Emily are working on reaching younger shoppers.

Next Meeting – April 15:

Discuss need to change regular meetings during school vacations
Empatico
EL3 – Business Plan
(Board compensation review will be after the elections.)

Adjournment: The meeting was adjourned at 8:43pm on a motion by Louise, seconded by Kate, with all in favor.

Respectfully submitted by Victoria DeWind