

**Middlebury Natural Foods Cooperative
Board of Directors Meeting
December 16, 2015**

Board Members Present: R.J. Adler, Nadine Barnicle, Ilaria Brancoli Busdraghi, Ross Conrad, Lynn Dunton, Kate Gridley, Kevin Lehman, Jay Leshinsky, Sheila McGrory-Klyza, Tam Stewart, Louise Vojtisek.

Board Members Absent: None

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

Board Monitor: Louise.

Call to Order: The meeting was called to order at 6:32 pm with a review of the agenda.

Member Business: The climate agreement in Paris last week brought James Maroney to the Board. He feels the awareness of this agreement presents an opportunity for MNFC to educate customers about the polluting impacts of their food purchases on the environment, both globally and locally on Lake Champlain. While agriculture was not cited in the agreement, he sees conventional agriculture as having as much impact on the environment as fossil fuels. He thinks that Act 64, the bill for cleaning up the Lake, is “toothless”. He said the Conservation Law Foundation is releasing a “white paper” on the need for sustainable agriculture but he feels to be sustainable it must be organic. So he continues to ask that MNFC increase its commitment to organic and do more to guide customers to it in the store. The Board appreciated his perspective and continuing efforts on this issue. Ross said he may write a newsletter article on this topic.

Approval of Minutes: On a motion by R.J., seconded by Ross, the minutes of November 18, 2015 were approved as amended with all in favor.

GM Report: Glenn explained the requested extension of the \$50,000 loan to the NCG Co-op Development Loan Fund. Only a small portion of the fund has been loaned out to co-ops due to its uncompetitive fees. They request another year to make loans with lower fees. All voted in favor of a motion by Ross, seconded by Ilaria, to grant an extension of the MNFC loan to NCG Loan Fund until December 31, 2016.

Glenn asked the Board if and how they wanted to proceed with a Board survey of member-owners. Ross said he would like to learn about the newsletter readership. Glenn said that earlier surveys have always been on paper in the store, not on line, receiving about 500 responses. Similar questions are asked each time in order to track results survey to survey. With the newsletter going digital with a phase-out of paper mailings, the Board discussed what they would like to learn from a survey. There was consensus that doing it before to prepare people for the digital change and after to have feedback on it would be a possible plan. The Board will also share question ideas on Basecamp that could be added to the staff survey in January.

With expansion coming, Glenn asked the Board to approve increasing the line of credit with People’s United Bank from \$200,000 to \$300,000 as an emergency fund. It was used once in 1994 and not again since. The loan has a base interest rate of 3.25% and floats with the Prime Rate. On a motion by Tam, seconded by Sheila, all voted in favor to approve continuing the MNFC line of credit, increasing it from \$200,000 to \$300,000 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 treasurer (now Lynn Dunton) 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.

EL4 – Financial Condition Monitoring: Ross asked about the data to support the part of the global policy referencing “material deviation of actual expenditures from Board priorities established in Ends polices”. Glenn said for this EL he focuses on fiscal jeopardy. He is not sure how the other would be addressed except in the Ends monitoring by breaking out money spent on each End. The Board agreed that the wording was confusing as it references expenditures but the sentence is for policy. As well, the Board would not limit meeting Ends. Glenn agreed to work on revising the global policy with Michael Healy.

The Board agreed the EL4 report was on time with reasonable interpretation of sufficient data and in compliance with follow up revisions from Glenn.

GP 7 - Policy Creation and Revision: The Board all agreed that they are in compliance on this policy and it will be reviewed with other Governance Policies.

Expansion Update: Glenn gave the Board the expansion time line. He informed them that Vermont Integrated Architecture has been hired for the project design and a RFP for construction will go out soon. Glenn discussed the three stages on the time line. Stage 1 is half way done. Stage 2, which does allow stepping back from the project, will include wrapping up feasibility work and addressing existing building needs. The goal is to increase space by 50% but with no increase in energy use. This stage will also include securing permits, design and financing work. Stage 3 is the “point of no return” in which permits, blue prints, costs and financing are all in place for construction in 2017. Based on Co-op Conversations input, the plan now is for 100% increase in Cheese and Meat and about 30% in other departments.

Glenn has written an update for member-owners in the January newsletter and plans to have engagement opportunities with them in February and again in April. There is ongoing consultation with several people from CDS and they will do the analysis of market study results for sales projections.

In response to Kate's question about burn out from expansion planning on top of running the store, Glenn said that, with the various consultants and work on internal readiness and new staffing, for now the project feels manageable.

The Board discussed impacts of the expansion. The issue of local, organic, cost and affordability came up. There was discussion about if there will be more “real” food that is local and organic. How will the percentage of store sales change for these? As all department sale numbers grow, it may be that the percentage of local and organic sales will not increase as asked for in the Ends. R.J. said the new store will improve the customer experience with more choices which will eventually increase local and organic sales and make it easier to meet Ends.

The Board discussed the need to be aligned on the vision and “what and why” of the expansion. Glenn said it is important for the Board to have a strong commitment and to speak with one voice especially for the fund raising and member-owner loans.

Retreat 2016: The Board set a date of Sunday, March 13, 2016 and a time of 9-3 and a possible follow up retreat during the summer. Ilaria will look into a location. Tam is researching facilitators and will report back on Basecamp.

In light of James Maroney's comments, the tension between local/organic and affordability and climate change seems like a possible topic for the retreat. They considered doing a SWOT analysis of Ends and MNFC business. There was consensus that one way to consider these issues is to look at the Ends, how they work, where they conflict and what aspect of each one gets priority over others. While replacing Ends with new ones would not be considered, the hope is to find more clarity which will determine future work.

The mission statement was mentioned but Glenn said the Ends include both the vision and why they exist and the mission statement is fading in importance. He suggested that a SWOT analysis would be more productive if done ahead of the retreat. He said that the primary concern he is hearing from staff is that affordability is a big issue for many groups and must be considered in a move toward increasing organics. The conversation closed with the idea of educating customers on making choices for how they use their shopping dollars and helping them evolve to a healthier diet as they shop over time.

Executive Session: The Board went into Executive Session at 8:25 for the GM evaluation on a motion by Ross, seconded by Jay, with all in favor. Glenn, Reiner and Victoria left the meeting. The Board came out of Executive Session at 8:49 on a motion by Ross, seconded by R.J., with all in favor.

Next Meeting: January 27

Adjournment: On a motion by Ross, seconded by Tam, the meeting was adjourned at 8:51 pm with all in favor.

Respectfully Submitted by Victoria DeWind