

**Middlebury Natural Foods Cooperative  
Board of Directors Meeting  
May 3, 2017**

**Board Members Present:** R.J. Adler, Nadine Barnicle, Ilaria Brancoli Busdraghi, Ross Conrad, Lynn Dunton, Kate Gridley, Ann LaFiandra, Jay Leshinsky, Tam Stewart, Louise Vojtisek, Amanda Warren.

**Board Members Absent:**

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

**Board Monitor:** Louise

**Call to Order:** The meeting was called to order at 6:30 pm.

**Member-owner Business:** Ilaria reported a conversation with a staff member in which she was asked her opinion of term limits to which she answered she did not know. It was noted that this issue has come up before and the Board agreed this could be part of a GP9 review later this year. Nadine said she noticed MNFC now sells Califia almond milk which she says is a superior, healthier option.

**Approval of Minutes:** On a motion by R.J., seconded by Kate, the minutes of March 22, 2017 were approved as amended with all in favor and Jay, Nadine and R.J. abstaining

**GP 4 – Board Meetings and Attendance:** It was noted that the Annual Meeting and yearly retreat are not included in the GP. Tam said he was not inclined to add those as attendance has been good without them included. It was acknowledge however that attendance reflects commitment to Board work and that the retreat was more essential than the Annual Meeting. It was agreed that Tam and Kate will draft wording for including retreat attendance in the election packet for the next meeting.

**Election Update:** Amanda will call Tam or R.J. with election results the evening of May 26<sup>th</sup>. There was further discussion about sharing vote counts with candidates. It was agreed that this should wait to be part of the discussion on changing the policy for the election of staff to the Board. Lynn asked why this is being considered. Ross felt it gives transparency to the process. Tam and Kate will work on this over the summer as part of the election manual update.

**Annual Meeting:** This takes place June 7<sup>th</sup>, 5:30-7:30 at American Flatbread with similar format as last year – pizza (meat, veggie and gluten free), salad, dessert and cash bar. Last year the meeting cost \$4,300. There will be a projected presentation and it was agreed to use multiple portable microphones. Louise may add comments about credit card use and costs to the presentation.

**Newsletter:** Article assignments were discussed. Printed quarterly newsletters are themed to different Ends. Tam suggested that the Board does not have to have an article in every issue, especially as the early deadline can be a challenge.

**Patronage Dividend:** The final numbers from the last fiscal year are not available yet. Glenn asked the Board to have a practice conversation on dividends with three different percentage options. At the next meeting the first decision will be if the member-owner portion of profits will be set aside as patronage. Doing so will save taxes. The second decision is how much should be returned to member-owners beyond the required minimum of 20%. Last year 40% was returned which equaled just over 2%.

R.J. suggested that money could be used for broad community impact such supporting downtown businesses during railroad reconstruction or supporting local producers. Tam felt that the Board's fiduciary responsibility is to the Co-op and it could be used to advance a planned Co-op project. Nadine said meeting a Co-op goal - such as energy efficiency - is another way for member-owners to give back. The consensus was that this is too short notice for this year and any proposed use of funds needs to be planned well ahead for next year. It was acknowledged that people feel good receiving a check and it creates a connection with the Co-op. Giving one's dividend as a donation could be made optional as it was last year for the food shelf.

Ross asked about the financial impact on the pro forma budget. Lynn said it would be hard to know without final numbers. R.J. proposed making this year's dividend equal 2% but Glenn said he would like to get away from equating the dividend to old discounts.

It was agreed that dividends of less than \$2 will go to the food shelf. R.J. agreed to lead a future consideration of using extra funds for community impact.

**GM Report:** With stress from construction increasing, Glenn suggested the Board consider showing the staff appreciation in a face to face event in the next couple of months. They agreed to discuss this on Basecamp.

Glenn apologized for the President's report not being included in the Annual Report. Households that mistakenly received more than one ballot due to a computer glitch have been contacted with apologies and a request that extras be destroyed.

**EL 3 – Business Planning and Financial Budgeting:** Glenn said the annual budget serves as supporting data for the EL monitoring. Ross noted that organic is not included in Glenn's reference to the Ends Report in his global statement which makes it seem less important. Glenn said he references it in the Healthy Foods monitoring but will add it in here as well.

Glenn reported from the NCG conference that half of co-ops are reporting flat or negative sales growth, especially in the central region of the country. Some of these are in expansion mode but others are just feeling increased competition. City Market and Hunger Mt. are just behind MNFC; Brattleboro is struggling.

Total discounts are large and Glenn is reluctant to add new ones. Louise said MNFC budget success should be publicized along with the Food For All story as good PR. She asked if there was any noticeable reduction in credit card use after the newsletter article suggesting using gift cards.

Glenn explained his budget process given the unknown impacts of expansion. He planned half a year using his standard models and half based on the expansion pro forma budget. He expects there will be variances.

Ilaria asked about store cameras. Glenn said it is recommended for safety and security and he will work this out with staff. Customer objection was considered as a possibility.

Ann asked about peer support to other co-ops. With limited time Glenn has been doing less than before but will do more in the future.

It was agreed that the report was on time with reasonable interpretation of sufficient data and in compliance.

**Future Scenarios Planning:** How to have a process in place to respond to possible opportunities and events for both Board and management is the focus for this exercise. A merger seems like a mostly likely scenario to come. Glenn would like the discussion to not be based on the assumption it is a crisis but be a larger conversation about a positive process in which a merger works for both parties. A merger should not be a charity effort. Lynn suggested brainstorming on how to partner with other organizations. This will be considered for the August mini-retreat.

**Next Meeting:** May 24, 2017

GP 4 revisions

Patronage Dividends

Staff appreciation

**Adjournment:** At 8:32 the meeting was adjourned with all voting in favor of a motion by Ilaria, seconded by Kate.

Respectfully submitted by Victoria DeWind