

**Middlebury Natural Foods Co-op
Minutes of the Annual Meeting
June 1, 2016**

To be approved at the 2017 Annual Meeting

Board Members Present: Nadine Barnicle, Ross Conrad, Lynn Dunton, Kate Gridley, Ann LaFiandra, Jay Leshinsky, Tam Stewart, Louise Vojtisek, Amanda Warren.

Board Members Absent: R.J. Adler, Ilaria Brancoli Busdraghim

Others present: Victoria DeWind (staff liaison), Glenn Lower (General Manager) and approximately 125 people in attendance including some staff.

Call to Order: Glenn called the meeting to order at 6:30 pm at American Flatbread in Middlebury, welcoming everyone to the 40th MNFC Annual Meeting. Glenn recalled early annual meetings. At first they were held at the Methodist Church with mostly staff and Board members making up the small attendance. More people came when they were held on the Green but traffic noise made it hard to hear during the business meeting conversation. The Flatbread staff was thanked for making this location such a success.

Approval of Minutes: The minutes of the 2015 Annual Meeting were approved, with all in favor, on a motion made by Vicky Smith and seconded by Jill Vickers.

President's Report: Tam opened his comments by thanking Jay for his leadership and help as he stepped down from being President. Kevin and Sheila were thanked for their service on the Board. He then announced the elections results with thanks to all nine candidates that ran. R.J. Adler retained his seat and Ann LaFiandra and Amanda Warren will be new directors.

Tam commented on the volatility and uncertainty in the increasingly competitive landscape in the food industry. Traders Joe's, Whole Foods and conventional chain and on-line grocers are in the position to order large volumes at low prices which challenges small co-ops. This influences how co-ops make decisions as they move forward. Tam talked about MNFC Ends that define the reasons behind the "how and what" that the Co-op does in striving for best practices. The Ends guide Board governance, operational decisions and will hold MNFC for another 40 years.

General Manager's Report: Glenn took a question before starting his remarks. It was noted that brands such as Cascadian Farms and Annie's are now owned by large corporations but this is not made clear on labels. How is this impacting co-ops? Emily Millard suggested "voting" with one's food dollars by buying local so that large chains have to respond to consumer demands as they have on GMOs.

Glenn noted the fancy Annual Report/May newsletter in honor of the 40th anniversary as well as the store displays and Green-Up Day festival. He invited people to share more stories from the early days.

Glenn briefly mentioned the Co-op Conversations of last year which led to the Long Range Plan which is being implemented this year with three main goals.

The first goal of the Long Range Plan is to provide the best quality products and services and contribute effectively to a vibrant local community. Requests were heard for expanded offerings and more store space which is now possible with the purchase of the property to the west. Glenn noted the on-going commitment to remain in the downtown, a priority for member-owners, with 5 expansions on the current site over the many years.

The second goal of the Long Range Plan is to improve access to healthy foods for an increasing number of people. Glenn described how MNFC is meeting this goal, starting with the Co-op Basics program which includes the Field Days brand of everyday products at lower prices as well as a Fair Trade wine from a family farm in Argentina. MNFC will be adding more of these kinds of products in the store. The Co-op is now in its third year of its Food For All program with over 150-180 families enrolled. MNFC sponsors education classes through the Hannaford Career Center as well as supporting the local food shelf. Member-owners enjoy weekly sales of 20-30% off products that support the Co-op mission.

The third goal of the Plan is to be fiscally and environmentally sustainable. The primary effort to meet this goal was the transition from a 2% discount to patronage dividends. With the vote last year this change was approved by member-owners with 91% of the vote. Glenn announced that the Board has declared last year's net profits from member-owner sales as patronage funds. As these are not taxed it represents huge savings and makes member-owners an important part of the Co-op's success. There was \$395,690 net profit from member-owner sales which is 77% of total sales. The Board has elected to return 40% of these funds (\$158,276) to member-owners and retain 60% (\$237,414) to reinvest in MNFC. Checks, mailed out by June 17, need to be cashed within 90 days. Uncashed checks will be donated to the food shelf.

It was asked if member-owners will be taxed on the refunds. Glenn responded no, it has already been taxed and the IRS considers it an overcharge. In response to a question if checks could be donated to the Co-op for projects, Glenn replied yes, but the food shelf would be a priority. One can also cash their check and then donate the funds.

Treasurer's Report: Lynn presented the report which includes \$13 million in sales with 7% sales growth over the year before with a net income of \$222,000+ including the patronage dividend payback. She said the balance sheet and debt/asset ratios are strong and she is confident about expansion with these numbers. 3,000 member-owners have been added since 2004. She noted that MNFC has increased its sales of local products to 33% of store sales over the last four years. It was asked what local means. Glenn responded that MNFC defines it as anything grown, produced or processed in Vermont while some other co-ops use a 100 radius as a definition. He recognized Marjorie and Marion of Orb Weaver Farm in the audience as a MNFC local producer since 1981.

Expansion Update: Glenn started this conversation by reading the MNFC Renovation and Addition Vision Statement as follows:

The goal of Middlebury Natural Foods Co-op's renovation and addition is to better serve our members, who desire healthy food as part of a vibrant local economy and expect environmentally sustainable and energy efficient practices. We have a lofty goal to increase our retail space by 50% with no increase in energy consumption. We expect to use local workers, materials, and products whenever feasible. We are planning for long-

term durability and sustainability while allowing flexibility for future growth. By including our members, staff, and community in an open and collaborative process, we intend to reduce our environmental footprint, increase our social footprint, and create a store in which people love to shop and work more than they already do.

Glenn turned the meeting over to Andrea Murray of Vermont Integrated Architecture who presented the work they have started for the MNFC store. She noted the great, walkable location of the store that successfully meets Co-op Ends better than it could on Route 7. While it has great opportunities, there are constraints, with parking and circulation a particular concern. Attention is being made to safer access for customers, truck deliveries, accommodating future solar panels, improved interior layout and keeping the store operational during any construction.

The preferred plan is to keep traffic circulation around the entire building. While there is a net gain of three parking spaces it would be pushed north to eliminate backing into entering traffic. The entrance will have a vestibule with an interior door to increase energy efficiency along with other improvements. 1,000 shoppers per day means the doors open 2,000 times. While too expensive now, a second floor for offices, meeting rooms and teaching kitchen can be added in the future. The roof will be flat to allow for this as well as eliminating falling snow and rain on pedestrians. Interior changes include adding 5 feet to the produce area and 10 feet to the grocery back room as well as expanding to the west. Plans include creating a “pedestrian way” in front of the building for added plaza space. Café seating will increase and windows added to the west side for natural light.

Andrea responded to questions from floor. For flat roofs and snow she said flat roofs are insulated and built to hold the weight and volume of snow and are sloped toward interior drains. Moving parking spaces away from entrance will increase sidewalk space and make the driveway safer. Aisles will be wider than current ones to ease flow and accommodate wheel chairs.

Adjournment: The 2016 Annual Meeting was adjourned at 7:40 pm on a motion by Anne Lower (Glenn’s mother) and seconded by Ann LaFiandra. All voted in favor.

Respectfully submitted by Victoria DeWind