

**Middlebury Natural Foods Cooperative
Board of Directors Meeting
September 28, 2016**

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), Reiner Winkler (staff).

Board Monitor: Louise

Call to Order: The meeting was called to order at 6:34 pm. An Executive Session for a personnel issue was added.

Member Business: Ross reported a conversation with a new working member-owner who felt the Co-op was not welcoming to its working members. They suggested the program be improved with orientations and/or a worker coordinator or ended. Ilaria pointed out others who are very happy with the program. Reiner said there are 2-3 dozen very active workers providing valuable assistance in the department. He would look into the issue.

Kate reported that the attendees at a workshop she is running shop daily at the Co-op and love the store. Ann had a rave review for the Harvest Festival – food, layout, fun, best ever.

Approval of Minutes: On a motion by R.J., seconded by Kate, the minutes of August 31, 2016 were approved as amended with all in favor. There was a discussion of the role of the Board Monitor. In the past it included evaluating the meeting at its end but that no longer takes place. It was agreed that keeping the meeting moving by the agenda will be the Secretary's responsibility going forward.

GM Report: Glenn reported on recent expansion steps. The Development Review Board approved the change of use of the "Cave" behind the Co-op for Watson's automotive business. Access will be from Washington St with no through traffic. A proposed fence was not approved. MNFC may provide some financial assistance for the business relocation.

Glenn reported an excavator had uncovered a buried gas tank from the 1930's gas station that will have to be removed.

The member loan fund currently has \$143,000 pledged. The mailing will be prepared while waiting for final approval from the VT Financial Regulation Depart. There will be more engagement with member-owners on expansion plans soon.

Glenn reported on the national NCG conference he attended which had the theme of Courageous Leadership in a Difficult Time. Discussions covered how to respond and change in the face of increased competition, financial challenges, GMs leaving or retiring and losing member-owner trust due to the view that corporations such as NCG, UNFI and CDS are having too much control of or influence on co-ops. The keynote speaker was Gary Hirshberg of Stoneyfield. He spoke about part of the effort to slow climate change should be to eat less meat and dairy.

Glenn noted that how future Co-op festivals are done will have to change with construction and the limited space next to the new building.

EL 1, 2, 5, 6, 7, 8, 9, 10, 11 Monitoring: Glenn said that he is reporting compliance in all these ELs. The Board reviewed each EL in turn.

EL 1 – Staff Treatment: Glenn reported 100% participation in the survey done last spring by Carolee Colter of CDS. He said he is meeting with all staff to review data and recommendations to work together to make improvements to the work place. He feels the results confirm previous surveys. The goal is to create more consistent policies while being flexible and compassionate. Perception is an important factor and needs to be recognized. Generally two years between surveys is recommended to have reliable data on changes made. Channels for communications will be needed for increased stress around expansion construction. Tam suggested following up in the future on Michael Healy’s recommendation to revise the policy with CDS templates.

EL 2 – Treatment of Customers and Member-owners: Louise noted the generous store return policy of honoring all requests.

EL 5 – Asset Protection: It was also recommended that this policy should be updated for equipment purchases. There will be a large amount of equipment purchases for expansion that could be burdensome to report and review with the Board. Ross suggested that may make it more important rather than less. Glenn suggested future consideration of the policy to make it more efficient. Ilaria asked about the beer buyer having a key to the check book. It is for COD deliveries.

EL 6 – Compensation and Benefits: Data is mostly from 2015 as new data was not available from other co-ops. Tam was pleased with where MNFC is in the comparisons and the effort to bring up the bottom.

EL 7 – Communication and Counsel to the Board: Glenn’s reporting and transparency were noted as “stellar”.

EL 8 – Emergency Management Succession: Glenn reviewed the current plan which is for Reiner and then Steve. This may change with the new Store Operations Manager position. Glenn said ultimately, it is the whole management team that will be keeping the store going.

EL 9 – Buying Criteria: Data is getting more accurate now. Lynn asked about the 4th quarter spikes each year. Glenn suggested it is due to local harvest season and holiday sales and local turkeys. Ross asked about comparing local/organic sales to whole store sales. Glenn will look into this but guessed they have increased more than for the whole store.

EL 10 – Cooperative Economy: Data was primarily on NFCA activity, not national. The Cooperative Loan Fund may be used rather than returned to lenders.

EL 11 - Vendor Policy: Glenn said there are approximately 270 local vendors.

The Board agreed that the reports were on time with reasonable interpretation of sufficient date and were in compliance.

GP4 – Board Meetings and Attendance: It was agreed that the wording change made last year has helpful. All agreed the GP is being followed by the Board.

GP 3 – Board Committees: The proposed revision was discussed and all agreed that the inclusion of standing committee charters was helpful for future Boards. All voted in favor of a motion by Jay, seconded by Ilaria, to approve the revisions as worded.

CDS and TakeBacktheCoop: While the issue of corporate influence and control over co-ops may be local to the New Mexico co-op and its member-owner petition to remove its Board, Glenn sees it as important that MNFC's success and the trust of its member-owners should not be taken for granted and the Co-op should be proactive and communicate, be transparent and accessible. Jay felt that MNFC's support of local makes it less indebted to larger entities. Ross felt corporate corruption breeds cynicism and is a sad reflection on society. RJ noted that growth brings more scrutiny. Glenn noted that co-ops are under more pressure and rely on the larger organization and supplier as price is important to member-owners. He is not concerned that UNFI's new fresh product offering will impact MNFC's produce sales. It was noted VT co-ops benefit from there being no Whole Foods in the state.

Retreat Follow Up: Tam started the discussion suggesting that the first step in establishing where the Co-op is now and what comes next after expansion is to design a deliberate strategic process. He asked the Board to consider if there should be a working group, how long should they plan to do this work and how many years out should be envisioned. As well, the Board should know how best to capture results and communicate them to member-owners.

The discussion included several considerations. Directors offered many ideas: Tam - defining the goal, Kate - partnering with other organizations, Tam - learning from what other co-ops have done, Ilaria - using Ends as a place to start from, Tam -using consultants. Glenn particularly supports using CDS with their depth of experience with co-ops. Ross felt that with climate change there will need to be unique approaches to co-op business.

Nadine felt being responsive to market forces, giving to the community, taking care of staff and having the ability to adapt to new economic forces must be part of a future co-op plan.

R.J. thought the value of the Co-op Conversation engagement process leading up to this expansion would be good to repeat on "how to become better". Glenn felt that engagement does build trust and needs to be ongoing.

All supported the idea that taking risks as the Co-op evolves needs to evolve from the member-owners, asking them what their priorities are. R.J. suggested that type 3 conversations don't always create specific actions steps.

Kate asked what the actions steps from the winter retreat were. Tam said they were connection, generosity and visionary and conscious leadership. It was agreed that this discussion would continue at the October meeting.

Executive Session: At 8:23, on a motion by Ross, seconded by Jay, the Board voted all in favor to go into Executive Session for a personnel issue. The Board voted all in favor to come out of Executive Session at 8:38 pm a motion by R.J., seconded by Jay.

Next Meeting: October 26

Adjournment: At 8:40 the meeting was adjourned with all voting in favor of a motion by Nadine, seconded by Ross

Respectfully submitted by Victoria DeWind