

**Middlebury Natural Foods Cooperative
Board of Directors Meeting
September 27, 2017**

Board Members Present: R.J. Adler, Molly Anderson, Nadine Barnicle, Ilaria Brancoli Busdraghi, Lynn Dunton, Jay Leshinsky, Tam Stewart, Louise Vojtisek, Amanda Warren

Board Members Absent: Kate Gridle, Ann LaFiandra.

Others present: Emily Landenberger (staff sub for Victoria), Glenn Lower (GM).

Board Monitor: Louise.

Call to Order: The meeting was called to order at 6:34 pm

Member-owner Business: Ilaria mentioned hearing a lot of positive feedback about the expansion. Nadine spoke as a member-owner and expressed disappointment that she can no longer order a sandwich at the Co-op due to her food allergies. Louise & Ilaria suggested posting the logic behind the decision to help people understand both sides of the issue. RJ says if we aren't having custom sandwiches we should reconsider calling it the Deli. Nadine suggested offering options for dairy free sandwiches or sandwiches that accommodate other food allergies beyond wheat allergies. Tam mentioned positive feedback about the return of Middlebury Chocolates to our store shelves.

Approval of Minutes: On a motion by Louise, seconded by Jay, the minutes of August 23, 2017, were approved as amended with all in favor.

Expansion update/financials with Jeff Glassberg, owner's rep: Jeff reported that we are about a month away from being substantially complete. The project has been very logistics-heavy. He expressed gratitude to have such a great teamwork from Co-op employees and the construction crew. He expressed appreciation for the problem solving and positive attitudes that helped make the project come together.

A lot still needs to happen over the next month to wrap things up. The floor refinishing project in late November will require us to be closed an extra day beyond the usual Thanksgiving Day closure. Jeff is pleased that we were able to minimize disruptions to normal store operations.

A budget was passed out and discussed in detail. Items over budget are the Acquisition-related and Environmental Cleanup and the Hard Costs. Architectural & Engineering Costs, Soft Costs, Financing Costs & Carrying Charges, Equipment, and Contingency are all within or under budget. As the project reaches completion, the Contingency will be allocated to other line items so it's projected final cost may be zero. The Net Total shows that we are \$112,500 over budget. However, we raised \$1 million in member loans, which was \$100,000 more than we originally budgeted. Due to the extra \$100,000 in member loans and \$12,500 in rebates coming from Efficiency Vermont, we will finish the project within budget. Projected final cost is \$3,869,425. If we had not managed to raise the additional \$100,000 in member loans, we would have managed by eliminating some upgrades to lighting and some deferred maintenance projects.

The Board congratulated Jeff on getting us through the project within budget and expressed amazement that all of this could be achieved for less than \$4 million.

Jeff explained that there will be some ongoing monitoring of the site where the tanks were removed from the ground near Watson's old garage. The Vermont Petroleum Contamination Fund will cover these expenses. This will involve having some wells drilled that will allow us to monitor soil quality in the sites where the gasoline and heating oil tanks were removed. Glenn pointed out that we went above and beyond what was legally required to clean up that particular site because it felt like the right thing to do.

Glenn stressed again how grateful he was to have Jeff looking out for our best interest along with the architects, construction team, and the crew. He was impressed by the way everyone was able to work together and have open discussions through every step of the process.

Monitoring Report for Executive Limitation policies – EL 1, 2, 5, 6, 7, 8, 9, 10 and 11.

Glenn is reporting out of compliance on EL 1.4 and 1.7. He is reporting compliance in all other ELs. The Board reviewed each EL, in turn, beginning with those in which Glenn reports non-compliance.

EL 1.4 – Protecting Staff from Unsafe, Unhealthy, and Illegal Work Conditions: Glenn reported that after 13 years, our back room workspaces, Deli kitchen, and walk-in coolers have become very crowded. He pointed out that CDS Consultant Carolee mentioned that it was common for staff to report concerns with workspace safety just before an expansion. He believes we have taken significant steps toward reducing the crowded workspaces and that our workspaces will be safe at the completion of our expansion project. We are within workers' comp goals.

In the fall Eric will work with CDS to improve our safety manual and investigate further safety improvements.

EL 1.7 – Conduct Management Team Annual Reviews Within a Month of the Employee's Anniversary: Glenn reported that he is struggling to keep up with these and expects to be more timely with reviews once the expansion is done.

Tam referenced Glenn's note on EL 1.3 about struggling to have data to report. Tam had a conversation recently with Michael Healy who suggested that there will be some upcoming edits to the template which will render this concern obsolete.

RJ wondered if there were robust methods in place to get employee feedback. The staff had a very thorough employee feedback process with Carolee Coulter last year and she recommended that we not repeat it this year. RJ wondered if we might have other ways of getting staff feedback in lieu of the annual survey. He just wanted to be sure that staff felt they had ways of getting feedback to Glenn & managers. Glenn felt that they did.

EL 2 - Treatment of Customers and Members: RJ again suggested providing a better explanation of our sandwich-making decision to member-owners. Molly said it would be great to have it posted in the deli. The Board suggested that Glenn use the same language that he used to explain it to them because they found it very helpful to understand both sides of the issue.

Ilaria pointed out that EL 2.2 & 2.3 are redundant. Tam said that this was another future edit in CDS consulting's new template.

EL 5 - Asset Protection: Tam indicated upcoming changes to this section in the new CDS template that would be more relevant to Co-ops our size. Jay referenced section 5.11 and

wondered if one of Brattleboro's \$10,000 loans from MNFC was overdue. Glenn thinks we rolled it over so that they'll have more time but will double check with Steve. The Board asked to be updated on that. Ilaria asked how the Brattleboro Co-op was doing financially and Glenn said they're on a good path. They have a new GM, they're trending toward positive growth, and seem to be on the right track. Molly wonders why we've given loans to co-ops that are so far away, such as Weaver Street Co-op. Glenn responded that they were victims of the economic downturn in 2008. They completed a big project right before the crash and their appeal was made to the NCG and broader co-op community for help. We had money we were sitting on and it seemed right to share it. Molly also wondered if there was any boilerplate language for co-ops to use in their EL reporting that could be consistent and standard. Glenn pointed out that CDS is working toward this but are challenged by the fact that co-ops like to be independent and autonomous, so there's been resistance to streamlining. Ilaria referenced section 5.11 and asked if the Board could be updated when we offer a loan. The Board voted unanimously that Glenn was in compliance with EL 5 with a contingency regarding checking with Steve about the due date of the Brattleboro loan and also updating the board when these loans are given.

EL6 Compensation & Benefits: Glenn expressed that it can be tough to compare apples to apples because our staff wears many hats and staff duties fall under multiple job descriptions. That being said, we seem to compare favorably to other co-ops and similar grocery store positions. He said that it can be hard to assign a dollar value to the value of a staff discount or to a good benefits package. Lynn mentioned that Middlebury College has a way of communicating the value of these things to their staff and she always appreciates seeing it. Glenn asked her to work with him to come up with a way to communicate this to our staff.

EL7- Communication and Council to the Board: Ilaria was struck by how vague the global policy is, particularly because it is followed by such a detailed list. Glenn suggested she focus on the specifics. He struggles with the global ones. Tam says this is another section that will be streamlined by the new CDS template.

EL 8 - Emergency Succession: Hiring Greg has been huge. Jay pointed out that it took 7 years of urging to convince Glenn to hire a support person and they are thrilled that he finally did. Ilaria was impressed that the managers have a combined 100 years of management experience and Glenn said that this gives him reassurance that the store could survive in his absence.

EL 9 – Buying Criteria: Glenn reports that sales of local and organic are growing. There's good data to support this assertion. He did express that it can be tough to measure in the Produce Department because produce items have the same PLU whether they are local or not. Otherwise, it seems easy to report on this and show good growth. Tam pointed out that our buying criteria is a cornerstone of our trust and sets us apart, even among other Co-ops. Molly wondered why there hadn't been more pushback from customers about us carrying products containing GMOs. Many spoke up that we do get a lot of feedback about GMOs but find it tough to list on the buying criteria without proper labeling standards. RJ spoke up about City Market's lack of buying criteria and yet they're one of the most successful co-ops in the country. He wondered if perhaps we're leaving some money on the table by "only offering foods that wealthy people can afford". It was decided that this was a better topic for discussion at a retreat.

EL 10 – Cooperative Economy: Molly pointed out that this should include co-ops of all stripes, not just food co-ops. Glenn agreed. Molly feels that a cooperative housing project is sorely needed in our community. Glenn said some co-ops are dabbling in that more. Brattleboro did but it got complicated and, as a result, they're now feeling some pains. Lynn pointed out that it didn't just have to be monetary collaboration. There are other ways to collaborate. Glenn said he'd love to discuss this further at a retreat and maybe hear from some other co-ops who have collaborated with non-food co-ops.

EL 11 – Vendor Policy: Ilaria asked if we ever glean feedback from vendors. Glenn said that we don't but it's a good point. Glenn expressed that after expansion, he hopes to refocus on cooperating with other local co-ops like the Rutland Co-op. He feels he can do more for the local economy by helping to grow our neighboring co-ops. He hopes to connect them with some of our vendors.

GM Report: Sales growth for August was 3.4% over last year. Glenn expressed how thrilled he is that our sales growth still hasn't gone negative during the expansion.

GP4 – Board Meetings and Attendance – The Board members unanimously agreed that GP 4 is being followed.

Staff Appreciation: The Board would like to do another Staff Appreciation event. Louise pointed out that it is a lot of work and that she needs more participation from other Board members to pull it off. Louise agreed to call Laura King and ask for a few possible dates to float by the other Board members. Those unable to attend were urged to drop off food items on the morning of the event.

Next Meeting: October 25, 2017

Adjournment: At 8:33 pm the meeting was adjourned with all voting in favor of a motion by Lynn, seconded by RJ.

Respectfully submitted by Emily Landenberger