

**Middlebury Natural Foods Cooperative
Board of Directors Meeting
May 25, 2016**

Board Members Present: Nadine Barnicle, Ross Conrad, Kate Gridley, Kevin Lehman, Jay Leshinsky, Sheila McGrory-Klyza, Tam Stewart, Louise Vojtisek.

Board Members Absent: R.J. Adler, Ilaria Brancoli Busdraghi, Lynn Dunton.

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

Board Monitor: Louise.

Call to Order: The meeting was called to order at 6:35 pm.

Member Business: Kate reported comments that people loved the \$3 voting coupon. Nadine reported a conversation she had with someone who felt she could not afford to shop at the Co-op and that it felt inaccessible. The Board suggested a follow up on this issue with a newsletter article and news release about the Field Days product line and other options for shoppers to spread the word in the community.

The issue of employment at the Co-op was also discussed since a few board members reported hearing people have the impression that it is difficult to get employment at MNFC. There is low unemployment in Vermont and there seems to be mixed views on whether the issue is a limited pool of applicants or not enough jobs for those seeking employment. Glenn reported 50 applications for the store manager position have been received.

Approval of Minutes: On a motion by Jay, seconded by Nadine, the minutes of April 27, 2016 were approved with all in favor and Sheila abstaining.

GM Report: Glenn informed the Board about the different, “more robust” staff survey done this year as recommended by Michael Healy in light of expansion. Surveys are anonymous and will be reviewed by consultant Carolee Colter. She will create a report for managers summarizing trends and common issues from the surveys as well as interviews with 25% of staff randomly selected. Glenn said, in light of the challenges of expansion for staff around change, space constraints, financials, and general stress, it was important to have a more thorough, completely anonymous survey.

Glenn reported that the national average sales growth for “same store” co-ops is .4%. This does not include expanded or new stores. MNFC’s 2015 growth of 5.3% is then very impressive. The strong growth of the deli was noted as people want more prepared foods. Glenn said for this reason a food delivery service keeps coming up in expansion planning.

EL 3 – Informational Technology and Digital Communication: Glenn reported that the e-newsletter will start this year and there is a plan to hire an additional person for the Marketing, Education and Membership department. It was acknowledged that those who can’t or don’t want to read it on email have to be included.

Glenn will be researching electronic voting this summer. While it was noted that this is an operational issue, Glenn will report back to the Board in October after learning what other co-ops are doing and how it works for them.

The Board agreed that the EL 12 report was on time with reasonable interpretation of sufficient data and was in compliance.

Gift of Appreciation: Sheila received a gift of an engraved pewter lamp from Danforth Pewter in appreciation for her years of service on the Board.

Patronage Dividend: Glenn reported the final net profits for 2015 that were member-owner sourced was \$395,690 which was 77% of store sales. With nothing to lose, it was recommended that 100% of such profits be designated as patronage dividend. On a motion by Louise, seconded by Sheila, all voted in favor to designate 100% of member-owner sourced profits as patronage dividend. Ross asked if there was another way to compensate member-owners who will not get a check as their share is less than \$2. A coupon picked up in the store was suggested to encourage shopping. As it is an operational decision, the Board agreed to encourage Glenn to explore a way to compensate them if it was not too expensive or onerous on staff to do so.

On a motion by Kevin, seconded by Sheila, all voted in favor of returning 40% of the patronage dividends to member-owners. Glenn said that the difference between 30% and 40% was about \$38,000 and results in a return close to the 2% of purchases which people want. Checks will be mailed by June 17th. The Board encouraged Glenn to write a press release.

GP 5 – Board Compensation: Usually this GP was monitored in May and only included the compensation numbers. Tam suggested approving the additional language from CDS template. He also recommended removing the term “cost of living” in describing increases as there are multiple factors that determine the percentage. As these numbers are used in determining the Board budget it was agreed that it should be monitored earlier in February or March.

Sheila pointed out that committees don’t have chairmen anymore but point people instead and questioned if their work is worth an extra \$300. It was agreed there should be a discussion about committees and compensation. Glenn pointed out the importance of leadership succession and building skills for continuity.

Kate asked that the word “liberally” be removed in section 2A. Ross expressed concern about determining increases before the final year-end numbers are known. Glenn felt there is sufficient data in February for determining the budget. Ross was also concerned about how changes in compensation will be recorded in the GP.

There was discussion on the first sentence of the final paragraph. It was proposed to instead read: “Based on the last year’s compensation levels, there will be an annual 4% increase, or match store sales growth, whichever is less, pending annual approval by the full Board each February as part of determining its budget for the coming year”.

Due to time constraints the GP approval was tabled.

Board Elections: Kate reported that one vote count had been done and the final count will be at 7pm on May 27th. Winners will be announced at the Annual Meeting. New director orientation will be before the June meeting.

The Board discussed the officer election process. It was noted that having a slate before June may be awkward if a candidate is not re-elected. However, it is also hard for new directors to vote for officers. It was agreed that nominations will be made in June for a vote in July with a neutral third party receiving emailed nominations.

Strategic Conversations from the Retreat: The Board agreed to postpone this topic to provide new directors a better understanding of retreat topics. Pricing and price image and how to avoid a ten year expansion cycle will be discussed. Ends and Mission Statement revisions have already started and are ongoing.

Executive Session: At 8:16, on a motion by Sheila, seconded by Kevin, the Board voted all in favor to go into Executive Session for expansion real estate. At 8:47, on a motion by Ross, seconded by Jay, the Board voted all in favor to come out of Executive Session.

Adjournment: On a motion by Sheila, seconded by Kevin, the meeting was adjourned at 8:49 pm with all in favor.

Respectfully submitted by Victoria DeWind