

**Middlebury Natural Foods Cooperative
Board of Directors Meeting
March 21, 2018**

Board Members Present: R.J. Adler, Molly Anderson, Ilaria Brancoli Busdraghi, Lynn Dunton, Kate Gridley (6:43), Ann LaFiandra (6:46), Jay Leshinsky, Tam Stewart, Louise Vojtisek, Amanda Warren.

Board Members Absent: Nadine Barnicle.

Others present: Kathy Comstock (staff, 6:44), Victoria DeWind (staff liaison), Glenn Lower (GM),

Board Monitor: Louise.

Call to Order: The meeting was called to order at 6:32 pm.

Member-owner Business: Louise shared a customer request that the type of plastic used for the Deli bar containers be posted.

Approval of Minutes: On a motion by R.J., seconded by Jay, the minutes of February 28th, 2018 were approved with all in favor and Molly abstaining.
(Kate arrived)

GM Report: Glenn said that the 3% sales growth in the budget was for the period during construction, not after. It was noted that the 20% increase in bread has been since it was moved to the back corner of the store. Lynn asked if the Board could attend any of the staff meetings with Abundant Sun for diversity training about unconscious bias. Glenn said the sessions were full but another time could be scheduled for the Board.
(Ann arrived)

MNFC and Plastic: Kathy introduced herself to the Board saying she had worked on the Front End for about two years. As a cashier she and others have noticed how much plastic - and paper - packaging is used. A customer suggestion that there should be a charge for single use bags to incentivize people to bring reusable ones prompted her to take action. After approaching management to make changes, Kathy felt she needed to go to the Board for a better response so she composed the letter she submitted with several supporting signatures. Primarily she feels it is important that the Co-op educate customers, especially students, and lead in the community by example. She feels the Co-op is where one learns about conservation and the expansion has taken the store away from that mission. She suggested the Co-op support a community wide effort with other businesses to limit the use of single use packaging.

Kate shared her family's experiment in joining the call to give up plastic for lent. It was eye-opening how difficult it was as plastic is used in so many things. R.J. said it is more of an upper class problem in larger cities. He suggested that a donation instead of a charge for bags would be less discouraging for customers. Louise said her article in the upcoming newsletter is about plastics with suggestions that at the least aim to raise consciousness. She shared the comment, "why wrap an ephemeral item like food in something so permanent?" Ilaria said Middlebury College, in response to a student initiative, will start providing reusable containers for food taken outside the dining halls.

Glenn said he had met with staff earlier that day about plastic. Those attending had many ideas but were focused on the Co-op, not the community, and supported charging even 25 cents for bags. There was discussion about starting a program to sell reusable containers that can be returned for new ones as the health department does not allow using one's own containers in the deli.

The Board fully supported the concerns Kathy brought to the Board and wants to stay informed as operational decisions are considered for changes in the store. (Kathy left at 7:15.)

EL 4 – Financial Condition: Lynn noted that on P.10, 4.1 data should be for third, not first, quarter. Glenn asked the Board to be aware that the financial report for the next (4th) quarter will be very different with the impact on the income statement by soft depreciation from the expansion. They will likely be taken all at once and this had been planned for in the pro forma budget. Kate asked how the member loan pay backs affect the bottom line. Lynn said cash assets are used to repay loans and only the interest is on the income statement.

EL 9.1- Buying Criteria: Glenn said that local and organic data were not available for the report. Louise asked if there will be a way to track produce. Glenn said there was limited staff time and resources for this and it could affect efficiency. Operationally, it is being tracked by the produce department. They could use the commercial 5 digit PLUs to differentiate it from conventional produce but that would be very challenging for the Front End.

EL 11 – Vendor Policy: Glenn said MNFC sells products from 200+ local vendors.

Tam noted that CDS does not have a vendor policy in their templates. The revision committee has suggested that the standards in this policy have become standard co-op practice in all departments after 10 years with no complaints and could be eliminated. This will be further considered and it was agreed the reasoning for elimination needs to be established.

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

GP 5 - Board Budget: Lynn presented the draft budget that she and Glenn worked on. They made a recommendation, which the Board accepted, to change the policy to give directors an automatic 3% annual raise to be paid in June provided the budget can bear it. This avoids reconsideration each year, is very small in the whole budget and is comparable to other co-op compensations. The fee for minutes was raised to \$50 per meeting. Last year's retreat costs were above budget due to Michael Healy and Bill Gessner's facilitation. Voting coupon is higher because it was not separated out last year. Staff appreciation costs last year were low because directors did not submit bills for reimbursement which Glenn encouraged them to do this year. R.J. requested that a full meal instead of snacks be considered for meetings. Another suggestion was giving directors a stipend to buy dinner or have the deli prepare food for meetings. Glenn will research this proposal.

The Board agreed unanimously they are following GP 5.

Retreat follow-up: The Board discussed creating a work plan for two topics – 1) Branding, Image and Perception and 2) Diversity and Inclusion.

1) It was suggested that the August mini-retreat could be a meeting with Abundant Sun in alignment with what the staff training included. Staff that missed an earlier session could be

included. The Board agreed to be aware of arising issues and keep momentum for this issue by having small agenda times and attending community meetings. CDS and NFCA will hold a diversity session in October.

2) The Board agreed a way for member-owners to weigh in on Co-op identity should be created. Ann suggested that a survey is not always the best way for this to happen and brand may be more important than price image. R.J. suggested this is a long term project to understand perception and even unconscious bias in the community about the Co-op. Any discussion of diversity and inclusion could influence decisions on branding. It was agreed that good training makes for a better workplace and thus improve interactions with customers for good customer service.

Kate said that the rising concerns about the word “natural” should not be forgotten as well as the implications of “Middlebury” in the Co-op’s name. Holding a new Co-op Conversation on this issue could keep it active in Board work. Molly suggested a focus group to ask, since the Grand Opening of the expanded store, “Do we have the right name?” She will bring a proposal for this to the next meeting. Lynn asked how operational this issue is and how to educate the Board along the way. Ann suggested using the Annual Meeting to get member-owner feedback as well as having staff discussions.

Term Limits: Kate led this discussion asking the Board to consider different pros and cons for limits. Suggested benefits were: keeping the Board “fresh” with new energy, creating openings which new people can fill without the challenge of incumbent advantage, a guilt-free way for directors to step down and a wider awareness of how the Board works. Drawbacks included loss of history and institutional knowledge, loss of specific skills, the time it takes to learn policy governance, possible lack of new candidates and officer succession.

There was agreement that the MNFC Board works very well and is not really in need of fixing. Kate suggested that good self-governance and transparency may relieve the need for limits. Tam said the Board is the envy of many co-ops because it functions amazingly well. Molly asked if the Board has been seen as impenetrable but no one knew of any complaints. Glenn said this Board is larger than most co-ops boards and suggested this leaves room for new and experienced directors. It was agreed that good governance controls are in place, there is no immediate need for limits and the focus should be on board mechanisms.

Elections: Kate said there are 10 candidates running for the Board with a cross section of age and interests. Peggy Rush and Victoria have agreed to count ballots. Jay offered to help as well as he is not running again.

Adjournment: At 8:40 the meeting was adjourned with all voting in favor of a motion by R.J., seconded by Ann.

Respectfully submitted by Victoria DeWind