

**Middlebury Natural Foods Cooperative
Board of Directors Meeting
March 25, 2020**

Board Members Present: Molly Anderson, Nadine Barnicle, Ilaria Brancoli Busdraghi, Erin Buckwalter, Lynn Dunton, Sophie Esser Calvi, Kate Gridley, Tam Stewart, Esther Thomas, Louise Vojtisek, Amanda Warren.

Board Members Absent:

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

Board Monitor: Louise.

Call to Order: The meeting was called to order at 6:36 pm via Zoom video.

Member-owner Business: Several directors shared comments on store operations including measures to reduce spread of the COVID-19 virus. People are appreciative that the store is open and feels safe. There is some concern about times when it gets more crowded and lines form at the registers. The Board particularly thanked Glenn for his responsiveness. Glenn thanked the whole Co-op staff.

Approval of Minutes: On a motion by Ilaria, seconded by Kate, the minutes of February 26, 2020 were approved with all in favor and Esther and Sophie abstaining.

NOFA Study: Erin discussed the Local Food Wholesale Market Assessment done by NOFA. The biggest finding is that local food is increasingly distributed through large wholesale suppliers. Contracts with these companies have hidden costs which reduce producer margins to 21-28% which is not a viable return. With this study producers now better understand these contracts. This underscores the importance of Co-ops which are able to do more direct buying of local products to support and strengthen producers. UNFI offers incentives to sell through them instead of directly to the store which is challenging for producers who have had direct relationships with the store. Relationships matter in wholesaling and the long-term viability of local food relies on the ability of values aligned buyers to be adaptive.

The Board discussed what they and management can do to shed light on this. Erin said direct buying is the best thing. Working through NCG to negotiate better terms in the UNFI contract is also important as being more efficient. How to balance the economy of scale versus supporting producers is a challenge. Erin agreed to meet with Glenn to explore next steps in what he can do with NCG and in the store. They will look at how to educate producers so they know exactly what contracts include and the hidden costs.

NCG Contract: In light of Erin's report, the importance of the NCG contract with stronger negotiating power to keep the food supply steady to the store was confirmed. All voted in favor of a motion by Erin, seconded by Molly, to renew the NCG contract for the coming year.

Board Budget: Tam said an annual budget enables the Board to take charge of the cost of governance. Lynn noted the annual increase in director stipends by 3%, an increase in D&O insurance by \$500 and larger 10% shopping discount based on last year's trends. Lynn said the cost of e-voting with Simply Voting is high the first year. Glenn said that the cost of the voting raffle is included.

The need to postpone the Annual Meeting due to the virus was discussed. There had been a suggestion to cancel it and use the money to support staff in these challenging times but Glenn said an Annual Meeting is required though it does not have to be a large event with big expense. All agreed with Molly's proposal to support Glenn giving a staff bonus.

All voted in favor of the motion by Kate, seconded by Nadine, to approved the 2020-2021 Board Budget. This will be posted on the governance documents page on Basecamp.

Communications: It was suggested that the upcoming Board article in the newsletter include the NOFA study and the postponement of the Annual Meeting at least two months in advance due to the virus. It was agreed that elections (especially as there are only incumbents running) and the by-law petition vote be postponed as well. It is important to be transparent and reach all member-owners about this action. Email, posters and social media will be used to inform member-owners. Glenn will talk to Ross Conrad directly about this decision in light of the petition. Glenn suggested that holding the usual dinner event in August before students return would be a way to give back to member-owners for their support as well as American Flatbread.

EL 4 – Membership Rights and Responsibilities: Glenn reported that there is much more new equity in share purchases than equity lost in refunded shares. Ilaria asked if paying equity is the only member-owner responsibility. Glenn answered yes and to be in good standing to receive benefits.

There was discussion of the element of risk in share ownership. It was agreed that this be made more evident in the next by-law revision. If the Co-op dissolves, member-owners come after the Bank and other creditors in refunding equity.

The Board agreed the report was on time with good interpretation of sufficient data and in compliance.

BP 8 – Board Process: Tam said this BP is for governance investment and a commitment to spend money to maintain a robust governance capacity with excellence and prudence. He noted that this BP has an appendix which includes Board stipend history. It requires a budget by March which has been approved for the coming year.

GM Report: Glenn informed the Board of his intention to give a staff bonus of \$2/hour worked in the 4 weeks of March 8-April 4 period as a thank you. This will total about \$24,000. There will also be profit sharing in June of an unknown amount.

Glenn summarized his goals for the store during the pandemic. Safety and access to food for customers will include curb-side pick-up starting March 30th. His intention is to maintain the ability to pay staff and avoid lay-offs. This had been a new experience for all and is constantly changing. The member worker program, demos, events and classes has been suspended. HR approval to work is required if staff have travelled. The store opens at 9 am with the first hour reserved for older and compromised customers. BYO containers and bags are also suspended. While that goes against Co-op values it seems necessary in these extreme circumstances. Reiner has returned to help with sanitation and the Front End. Karin will manage the curb-side pick-up. It will have limited options with no link to the store inventory and is intended for emergency use only.

There was discussion of the problem of keeping people 6 feet apart and crowding at the registers. Nadine suggested metering the number of people in the store at a time. Kate suggested

one way aisles to keep people flowing through the store. Lynn suggested posting graphs to show slower times of day to shop to help people decide when to come to the store. Glenn said the store is not set up for social distancing which makes it challenging to keep people apart.

With some staff out, it's challenging to get everything done but those working are upbeat and maintain a sense of humor. Management is working on a plan for the possibility that there is a positive case amongst staff. It might require a one day closure to clean the store as Hannaford did. The VT Health Department will be consulted. Glenn said the volume of emails is overwhelming for all co-op GMs.

Kate suggested the Board consider priorities for them to communicate to member-owners to support them and be transparent. She asked directors to share ideas on how to do this on Basecamp.

Adjournment: At 8:36 the meeting was adjourned with all voting in favor of a motion by Kate, seconded by Nadine.

Respectfully submitted by Victoria DeWind