

**Middlebury Natural Foods Cooperative
Board of Directors Meeting
October 27, 2021**

Board Members Present: Molly Anderson, Nadine Barnicle (6:18), Ilaria Brancoli Busdraghi, Erin Buckwalter, Ollie Cultrara, Lynn Dunton, Samantha Langevin, Tam Stewart, Esther Thomas, Amanda Warren.

Board Members Absent: Kate Gridley.

Others present: Ross Conrad (member-owner), Victoria DeWind (staff liaison), Glenn Lower (GM), Greg Prescott (Store Manager)

Board Monitor: Ilaria

Call to Order: Amanda called the meeting to order at 6:05pm via Zoom video.

Member-owner Business: Ross said he was attending the meeting to ask what the Board is doing now to meet one of the original co-op purposes of offering affordable food. Historically, this was one aspect of co-ops that differentiated them from other grocery stores. Formerly the MNFC bylaws included offering food at the lowest possible price and volunteers earning sweat equity but those were removed. He said he could not find them in the Ends or Board policies. With limited agenda time, Amanda kept the response to mentioning Food For All, Co-op Basics and Senior discounts as some of the programs that help keep prices affordable for customers. Ross pointed out that these are operational and asked if the Board is doing anything with policy or are they abandoning the principle?

(Ross left the meeting at 6:12)

Molly informed the Board about the Leaf Foundation which works to support struggling co-ops. On her suggestion, a former student of hers that works for Leaf has directed Leaf to work with the Rutland Co-op.

Approval of Minutes: On a motion by Molly, seconded by Erin, the minutes of September 26, 2021 were approved as amended with all in favor.

JEDI: Esther said the JEDI committee had met again to discuss the Board retreat. Tabitha Moore, former President of the Rutland NAACP, will join them at their next meeting Nov. 1 to discuss how to move to the next level in their work. They offered compensating her and want to explore if they can work with other co-ops. (Nadine joined the meeting) Glenn noted Tabitha is also working with the Brattleboro Co-op. Lynn suggested she be invited to the Board's January retreat. Glenn suggested a work plan with Tabitha can be on the November agenda.

Esther presented some of the fears that were shared at the September retreat:

- Using Board JEDI work as an excuse to not do personal JEDI work.
- Having to give up the privilege of time, comfort, energy and access to resources.

The Board reflected on these fears. It is easy to procrastinate and put off change as a white person. Privilege is a deeply held possession and not given up easily. Change is challenging and losing privilege is scary.

GM Report: Glenn provided some corrected numbers for Sales growth. September 2021 was 8.1% and year-to-date was 9.6%.

Glenn reported on his support for the Rutland Co-op. He has contacted peer co-ops to also give them assistance as their new manager is overwhelmed and there has been high turnover on their Board. Leaf Foundation and Co-operative Found of New England are involved. He would like to pay for consulting hours with CDS as well. Glenn says this sets the stage for MNFC's new GM in supporting co-ops.

Greg discussed the supply chain situation. He thanks staff for making the store look as best as it can be. He explained the "smoothing" that main supplier UNFI is doing for store deliveries. Due to their labor shortage and their own receiving shortages, they are on average only filling 70% of MNFC orders each day for grocery and bulk/dairy. Ordering for Sundays has to take place Wednesdays. Buyers are now leaning on other suppliers to fill in but they have shortages as well. Managers have decided to focus on back stocking for the November holiday rather than filling all shelves now as well as giving priority to necessary staples over optional food. Saying "no" to customers as well as giving up special orders which couldn't be filled is hard and stressful for staff.

The Board supported any efforts to explain the reasons behind the empty shelves to members and all customers. Currently there is nothing on the website about the shortages.

Erin asked about a discrepancy in taxes discussed at the last meeting and had it been resolved. Glenn said it has not been but it is a small amount and the accountant has advised not to pay it at this time.

EL 6 – Staff Treatment and Compensation: Glenn presented the Columinate All-Staff Survey Report. The overview is that there was improvement from past surveys and in comparison to other co-ops. MNFC is in the top quartile in global, fairness, safety and clarity questions. His EL report fills in areas not covered in the Columinate report.

Ilaria asked how the main points of the report are relevant and useful. Glenn said he will use it for business plan updates. One important take away is staff appreciation for the efforts on safety during the pandemic. Greg pointed out the report shows that the MNFC staff are very engaged with the Co-op and are motivated to contribute to the Co-op's success, more so than at other co-ops. Clear communication is important and staff understands that what they do makes a difference. Tam asked if there is concern for the few areas that showed a decline from the last report. Glenn said that each department had its own survey and they have been discussed with their staff.

Glenn said this EL is particularly hard to report on and he feels the survey is the best measure for compliance. The Board agreed the report was on time with reasonable interpretation of sufficient data and in compliance.

BMR 0 – Global Board-Management Relationship: Amanda said she had discussed policy in general with Michael Healy about what issues and when to implement new policy. He says there is always a cost but it is important to do.

Erin said that in light of Ross's question she felt the Board did not need new policy as it is doing a good job already. Current policy is meeting the needs. Nadine pointed out that the Co-op has not been getting a lot of negative feedback from member-owners about affordability.

The Board agreed they are meeting the BMR.

NCG 2020 Participation Report: While released late this year, this report creates connection to co-op boards beyond NCG's work with GMs.

Annual Sales – MNFC had higher sales but this comparison includes regular grocery stores. It is a concern for all co-ops to be below grocery averages. It shows the importance of balancing prices, wages and vendor payments.

Equity and Change in Equity – NCG set a 10% goal. MNFC had 5.69% equity growth. Lynn asked why they set such a high goal. It comes from taking the industry as a whole. Nadine pointed out a difference in scale for co-ops and equity is owned by members.

Cash on Hand – MNFC had 90 days of cash in 2016 due to member-owner loans which then turned into liability from the expansion. Now it has grown back to 70 days, higher than the NCG average. Is it too high? The Co-op has raised wages, purchased new equipment and done the expansion. How else to invest extra money in the business should be considered.
(Molly left the meeting 7:10)

Sales Trend – Sales growth this year is 9% and sales will pass 20 million.

Gross Margin – This is revenue less the cost of goods. MNFC is below the NCG average. Personnel expense is 22.2% and has been fairly steady for years. Sales per labor hour are strong and higher margin is not needed to cover expenses. Margin minus labor is high, over the NCG goal even with the lower margin.

Lynn asked if the Co-op is fully employed. Not at this time. She pointed out that if it were, personnel expenses would be higher. This underscores the importance of balancing labor cost with affordability, how to meet costs and be prepared for the unexpected. This includes price increases due to supply issues. Greg said the Co-op is trying to keep prices stable rather than adjusting constantly to the higher prices when ordering without the UNFI discount. The goal is to fill shelves, not prioritizing pricing. Glenn said it is important to not rely on one supplier so they want to have back-ups for UNFI. NCG's effort to get good pricing to pass on to customers is critical.

Amanda asked why MNFC is not signed up for the Co+op EAP program. Glenn explained that the Co-op already has our own EAP program that works well.

Board Meeting Time: The Board discussed what the best time for meetings to start. For different reasons there was basically an even split of support for 6:00 or 6:30 so it was agreed to try 6:15pm.

Communications: The Board reviewed newsletter article sign-ups. Nadine encouraged people to check the list on Basecamp and make adjustments as needed.

Executive Session: At 7:53 the Board voted all in favor of a motion by Amanda, seconded by Nadine, to go into Executive Session for personnel discussions. At 8:17 the Board voted all in favor of a motion by Samantha, seconded by Tam, to come out of Executive Session.

Adjournment: At 8:17 the meeting was adjourned with all voting in favor of a motion by Nadine, seconded by Ollie.

Respectfully submitted by Victoria DeWind