

**HARVEST BOARD OF DIRECTORS
PUBLIC MINUTES
6 DECEMBER 2010**

Attending: Steve Clifford, Annette Dufer, Wendy Holding, Tonya Johnson, Andrew Kessel, Christina Lively, Rebecca Nemec, Diane Simpson (board administrator), Mike St. Clair (general manager).

Absent, Excused: Matt Altman, Megan Amundson, Jessie Grogan, Jessica Hiemenz, Elizabeth Levy, Scotland Willis.

Meeting minutes taken by Diane Simpson.

Meeting commenced at 7:05 p.m.

Section 1

Steve Clifford, Andrew Kessel, Christina Lively, and Rebecca Nemec, were the active directors for this part of the meeting.

GM Report

1. Membership Drive—Harvest has just completed its most successful member drive ever, with 202 new members signed up during the month of October. As incentives on both ends we have given away prizes to randomly selected new members and awarded cash bonuses to associates who sign up these members.

2. New Trash Removal Contract—We have just completed a nine-year trash removal contract tied to three-year automatic renewals and renegotiated an annual deal at better rates and no renewal clauses. Savings are estimated to be \$5-6000 per year for the same level of service.

3. New Energy Contract—We are renegotiating our Nstar energy costs after a two-year purchase contract ended this month. We are able to save 24% of the cost per kilowatt-hour, which saves Harvest a little over \$41,000 for the 17-month contract.

4. New Health Insurance Coverage—We have reviewed and put out for bid our Health Care Benefit program annually for the past five years. This year, we have switched carriers to Blue Cross/Blue Shield and realized a drop in premiums of 2.1 %. Considering the overall health care market and rise in costs nationally, this is a significant savings for Harvest. Some co-ops are self-insured. Next year that option will be put into the mix. Harvest has 110 associates and 50-60 are in the program.

5. Catering Update—The Harvest Catering business continues to grow rapidly and “organically.” This year, to date, we have surpassed \$39,000 in sales without any advertising and no added labor expense. Recently, we were asked to present a luncheon buffet of Harvest menu items to an administrative group at M.I.T. It was an opportunity to show off our quality food and talk about the Harvest Co-op and its mission. We have received several orders already from attendees of this presentation.

There was a question regarding any concerns Mike had about the catering. Mike said he has leased a software program to help run the operation. He said the only concern is when they get to

the point where they can't handle the business. Right now they can take an order in at 10 a.m. and turn it around by noon.

6. New Milk Supplier—Beginning Monday, December 6, Harvest will be partnering with a company called Maine's Own Organic Milk. A different product with a unique logistical model, the milk and related products come to Harvest directly from the farm as soon as 24 hours after the cows are milked. Also, because of the "direct" relationship, distributor fees and other costs are taken out of the price to us. Please read more below:

Maine's Own Organic Milk sells pasteurized (NOT ultra-pasteurized) organic milk in four SKUs, skim, 1%, 2% and whole milk. The whole milk has vitamin D added. The other three SKUs have vitamin A & D added.

All milk is packaged in one half-gallon paper containers. These containers open with the traditional tent opening at the top, they do not have plastic screw tops.

We believe that the many comments we get about the excellent taste of our milk is because compared to normally ultra-pasteurized organic milk, pasteurized organic milk is fresher and simply tastes better. Because our milk is pasteurized, not ultra pasteurized, it must be kept cold, preferably at between 35 and 40 degrees F.

Our milk has a 14-day code from the day of processing. We process on Sundays and Wednesdays, and will be delivering to NEFoodex by 5 a.m. on Mondays and Thursdays. NEFoodex will distribute it to stores by 1 p.m. that same day, so the milk delivered by NEFoodex will have come directly from the processing facility and will have 13 days of code left when it arrives at the store. We pick up from our farmers every other day, so the milk you get in the store will never be older than three days off the farm.

If our milk does not sell quickly we will accept returns and refund the purchase price on unsold milk with six or fewer days of code if the store wishes. I.E. If we put milk into the store on a Monday, we will credit returns on any remaining inventory from the previous Monday's delivery. Returns will be handled by NEFoodex, which will return the milk to our shipper. Milk returned from stores is donated to organic farmers for animal feed or use as a plant supplement. NEFoodex will also handle returns of the milk crates.

All of our milk is produced on Maine family dairy farms, most of which are in far northern and eastern Maine in Aroostook and Washington Counties. (One of our farms is the eastern-most dairy farm in the United States, and the farmer operates on both sides of the 45th parallel. People in his town describe themselves as living halfway between the equator and the North Pole.) Another farm in Washington County, right on the ocean, has been in the same family for nine generations.

All of our farms had been shipping organic milk to H.P. Hood. Hood dropped them in 2009 after it decided to replace them with farms in New York State, which is where Hood was shipping the milk for processing. All but one of our farms are certified organic by MOFGA Certification Services LLC, the Maine Organic Farmers and Gardeners Association (MOFGA), the oldest

organic organization in the country. The other farm, near the Canadian border, has Canadian certification, which USDA accepts.

Our milk is processed by Smiling Hill Dairy in Westbrook Maine, right outside of Portland. Smiling Hill is another family-owned business that bottles conventional milk in glass for local markets. It, also, is certified by MOFGA. Our primary distributor in Maine is Oakhurst Dairy, another Maine family-owned business. That's why MOOMilk will be delivered in Oakhurst crates. The secondary distributor in Maine is Crown of Maine Organic Co-op, a second-generation family business. Our trucker—both the hauler from the farm and the delivery to NEFoodex -- is Schoppee Milk Transport, another Maine family business with a long history in the dairy industry.

In terms of corporate social responsibility, Maine's Own Organic Milk Company is an L3C corporation. That's a special designation of low-profit corporation with a chartered social purpose. In our case the social purpose is to provide a sustainable economic environment so family dairy farms in two depressed areas (Aroostook and Washington Counties) can continue to operate. This special designation allows MOOMilk to not only seek conventional financing, but to also take Program-Related Investment funds from non-profit foundations. MOOMilk also has a close relationship with Wayside Food Program of Portland, which supplies food banks, soup kitchens, and other social service institutions in southern Maine. Under this arrangement, milk that has never entered the retail chain and is still in inventory in our Portland warehouse with nine days of code or less is made available to Wayside for distribution to its clients. Individuals or institutions who want to support both our farmers and Wayside can buy that milk and we will then make it available on the purchaser's behalf to Wayside. Wayside will then acknowledge the donation from the individual. Since Wayside is a 501(c) 3 organization, those individuals may claim the donation on their federal tax returns.

Our farmers own slightly more than 45 percent of the company, and are entitled to 90 percent of the profits. A small group of socially-minded investors and our business partners own another 45 percent. Maine Farm Bureau and MOFGA also have small amounts of ownership.

Our milk, along with organic cream and half & half, is also available in five-gallon bags for institutional use, and we also produce butter (both salted and unsalted) in five-pound tubs for institutional use. We hope to be offering butter for retail in one-pound units sometime in 2011.

More information, please contact:

David Bright, deputy treasurer and secretary to the board of directors
Maine's Own Organic Milk Company
treasurer@MOOMilkCo.com
207-234-4226

Or visit our web site at <http://www.MOOMilkCo.com>

Accepting Election Results and Seating New Directors

A.Dufer W.Holding T. Johnson A. Kessel
 Yes 169 / No 39 Yes 188 / No 20 Yes 177 / No 31 Yes 202 / No 6

(Note: each candidate y+n=208 as there were 208 valid ballots.)

Motion: Accept Election Results and Seat New Directors

Steve moved, and Rebecca seconded, the motion to accept the election results and seat the new directors. Approved 4-0-0.

Proposal to Board Regarding Community Fund Donation

I. Final recommendation:

- a. \$1500 to Cambridgeport PTO
- b. \$2500 to Mass Farmers Markets
- c. \$2500 to Food Project

II. Decision process:

- b. Considered original order that we ranked finalists (based on original matrix– adherence to mission, location in regards to Harvest, member involvement opportunities, etcetera).
- c. Considered community support (member and non-member input (see chart below). Input collected via three mechanisms:
 - 1. Constant Contact (members)
 - 2. Annual Meeting (most active members)
 - 3. Facebook (mostly nonmembers)
- d. Included our own judgment based on our impressions and conversations that took place at the annual meeting, discussion at meetings, value of grant (to Harvest and organization).
- e. When looking at grant amounts we looked at meaningfulness of the proposed funds and feasibility of project where specific grants were requested.

Andrew reviewed the chart below, explained the background of the fund, and went over the criteria for selecting the successful applicants.

Feedback—Community Fund 2010				
Constant Contact	Survey Totals 468		Annual Meeting - 28	
	Responses	Ratio		
Adoption & Foster Care Mentoring	161	34.40%	9	
Ashmont Nursery School	110	23.50%	4	
Cambridge Community Television	117	25.00%	2	
Cambridgeport Parent Teacher Organization	129	27.50%	6	
Mass Farmers Markets	206	44.00%	17	
The Food Project	282	60.20%	22	
The Move	109	23.20%	4	
Facebook	Survey Totals 148		Members - 13 = 12.4%	
	Responses	Ratio		
Adoption & Foster Care Mentoring	3	2.00%		
Ashmont Nursery School	72	48.60%		
Cambridge Community Television	3	2.00%		
Cambridgeport Parent Teacher Organization	60	40.50%		
Mass Farmers Markets	3	2.00%		
The Food Project	24	16.20%		
The Move	2	1.30%		

Groups had to embody the Harvest principles and mission. They had to say for what purpose they needed the funds. The projects did not have to be food-related. MSCC looked at what they could give the groups and the feasibility of their projects. Chris Durkin sent questionnaires out via Constant Contact. Responses were a little different between Constant Contact and Facebook. The MSCC took the member input very seriously. They found a compromise that seemed fair between what the groups wanted and what Harvest was able to give.

There was a question how they arrived at the numbers in the award amounts. Andrew explained that the Cambridge PTO asked for about \$1200. Mass Farmers Market wanted a specifically funded position for a person that would help low-income people. The MSCC decided on Cambridgeport early on as an area they wanted to serve. Ashmont nursery school had a lot of responses, but it didn't necessarily mean members were voting for it. Adoption Foster Care had an interesting idea for volunteer opportunities.

Christina suggested photographs of the winners. Mike said we do that now. MSCC will contact the winners and have them come in for photos.

Mike said the Community Fund is a one-time event, now that the money is off the books.

Section 2

Steve Clifford, Annette Dufer, Wendy Holding, Tonya Johnson, Andrew Kessel, Christina Lively, and Rebecca Nemec, were the active directors for this part of the meeting.

Dates for 2011 Board meetings

All Mondays unless otherwise stated:

Jan 3, 2011	July 11, 2011
Saturday, Feb 5, 2011—All day board retreat	August 1, 2011
March 7, 2011	September 12, 2011
April 4, 2011	October 3, 2011
May 2, 2011	Thursday Oct 27—annual member meeting
June 6, 2011	December 5, 2011

Vote counting: Sunday, November 20, 2011

No November board meeting

Motion: Approve 2011 Board Meeting Dates

Christina moved, and Andrew seconded, the motion to approve the 2011 board meeting dates. Approved 7-0-0.

Motion: Approve MSCC Recommendations

Steve moved, and Christina seconded, the motion to approve the MSCC recommendations for the use of the community Fund. Approved 7-0-0.

Motion: Approve October Member Minutes

Cristina moved, and Rebecca seconded, the motion to approve the October member minutes.

Approved 4-0-3.

Motion: Close Member Meeting

Christina moved, and Andrew seconded, the motion to close the member meeting.

Approved 7-0-0.

Note: The session formerly referred to as the “public” session is now the “member” session.

The member meeting closed at 7:35 p.m.