

**HARVEST CO-OP MARKETS ANNUAL MEETING— FINAL  
WEDNESDAY OCTOBER 29, 2008  
ST PAUL AME AUDITORIUM, 85 BISHOP ALLEN DRIVE**

Meeting commenced at 7:00 p.m.

Amy Cotter, chair

Minutes taken by Diane Simpson (Board Administrator)

Board members attending: Betsy Adams, Matthew Altman, Steve Clifford, Amy Cotter, Jessie Grogan, Jessie Myszka, Salil Simon Payappilly, Joe Slag.

Staff attending: Mike St. Clair, Marc Cutler, Chris Durkin, Don Pierce, David Hermann, Iris Weaver, Josefina Tejada, Tom Tamaki, Reginald Mackey, Maria Grullon, Patricia Dolmo, Matthew Andrews, Karina Portillo, Doris Tejada.

Board candidates attending: Matthew Altman, Christina Lively, Salil Simon Payappilly, Don Pierce.

Other attendees: Members of Harvest Food Co-op: 88

Amy Cotter started the meeting at 7 p.m., thanking everyone for attending and helping Harvest achieve the success that it has enjoyed the past year. She also thanked the people who made the dinner and those who secured the location for the meeting. After requesting some numbers from the audience for the raffle, she asked that people write questions on the note cards on their tables, which would then be forwarded to the facilitator, Steve Clifford.

Q: Would there be an opportunity to ask questions at the end of the meeting if one's question had not been addressed during the meeting?

A: There will be several opportunities to ask questions throughout the meeting and board members will stay around after the meeting to answer questions.

**GM Report**

Mike St. Clair

The General Manager began with a "shameless plug" for the deli department, which made tonight's dinner.

Mike talked about upgrades to the Jamaica Plain storefront, which were done with grant money from the Boston Main Streets Fund. He said they also made changes to the Cambridge storefront. October 19 was the first anniversary of C3 café. C3 café is a LEED-certified building. He pointed out the long list of green qualities of the C3 café. They enjoy an enhanced catering menu. Harvest shares opportunities with the café so they have a breakfast catering menu and a lunch catering menu. He noted that Harvest is so small it can adjust very quickly to meet the customers' needs.

He noted that we are proud of our recycling program. We include "all of the items listed here" (pointed to slide which said: Composting food and wax cardboard boxes, recycling plastic bags and sheeting (pallet wrapping), cardboard, paper, tin, glass, aluminum, cell phones, eyeglasses, toner cartridges) and are now testing a computer recycling program.

Most important recycling program: reusable bags. We have sold or distributed 11,000 of these bags over the past year and a half. They have been seen in even in New Hampshire and New York City. Recycled bags and private label bags are now being used. With these bags double bagging is not necessary— they hold 20 lbs of cans!

On the fun side: New Amsterdam bicycle delivery of groceries in the Cambridge market. They even delivered an order to Beacon Hill.

Recently developed a “Tech Cash” program with MIT that is integrated into the front-end system. Started last week. Harvard has “Crimson Cash” and Mike S. sees opportunities there.

CSA program has developed strongly in the past couple of years. This is a great fit with Harvest co-op. Last year they had one delivery day from one farm--this has been expanded to three days and two farms.

Brand new front-end system cuts down on transaction time.

Slide-show tribute to store employees

7:15 Jessie Myszka, Board President, introduced the Board of Directors section.

What is the board’s job?

Guide and Monitor. Guide by setting policies. The General Manager (GM) looks at the policies and makes his decisions according to policy.

Monitor: board sets up a monitoring schedule by which the GM is monitored to see if he is meeting expectations.

Question for members: How do you monitor the board?

Directly: Come to annual meetings, come to committee meetings, read minutes on the web site, talk to the directors during tabling on Member Appreciation Days.

Indirectly: Coop performance and through board elections.

Jessie M. explained the Twin Pines symbol. This is the international symbol of co-ops. This has been in use since 1922. She explained the symbolism in the logo.

Board accomplishments:

Stable growing directors. Last year we only had four directors. Now we have nine.

Revamped orientation.

Revised handbook.

CBLD 101 (with other food co-ops)

Financial training

Webinar

Recruited for competitive election

More open candidate process yet more board selectivity

On guiding and monitoring the GM the board updated expectations on:

- Cash position
- Members economic participation
- Guiding principles during expansion
- Data security
- Revamped and renewed compensation agreement
- Quarterly financials

Jessie outlined how the GM will track member economic participation in the co-op.

Harvest:

Rooted in Members

Tabling every month

Guests at board meetings

Posted minutes

7:26 Amy Cotter spoke about MSCC (membership and social concerns committee)  
MSCC wants to increase the quality of member-owner interactions with the board.

Things MSCC has been doing:

- Started a community dinner series
- Continued Member Appreciation Day tabling
- Organized volunteer activities
- Publicized local farm festivals
- Communicated regularly via the monthly newsletter

Things they want to do in the future:

- They are looking for opportunities to organize winter-appropriate activities.
- They are looking for opportunities for people to volunteer for Harvest.  
First opportunity: Vegetarian Food Festival. Help Chris Durkin at the table.
- Recruit more members
- Do more in JP
- Find out how people want to be involved in Harvest

7:35 Betsy Adams, Treasurer 's Report

Annual Sales

First year ever sales have passed the 14-million-dollar mark.

Our fiscal year is different— follows the school year and it ends in April.

This year ended April 2008.

About a 50-50 split between Cambridge and JP. JP— 47 % of total sales.

Member sales:

- April-Oct FY 08: 26.1%
- April-Oct FY 09: 24.4%

All sales are going up.

Total membership has dropped due to the change from member discount to patronage rebate. (Harvest had a lot of inactive members on the books but had to take them off the rolls when patronage rebate came in.) Now membership has stabilized and even gone up a little.

\$196,000 net income. Second year in a row of profitability— thanks to Mike S. It was a bad year before he arrived. He came on board and turned things around. Harvest is sending out its very first patronage rebate!

FY 08 profit was \$196,000. According to state law, 24% of the profit can go to members as patronage rebate. ½ (\$25,000) reinvested in Harvest. ½ is redistributed to members. The amount you get is proportional to your purchases. 2400 members will see a check. The average check is over \$9.00 the median is \$6.50.

7:43 Steve Clifford collected the note cards and grouped them according to theme so he would be able to answer as many questions as possible. He began with questions for the General Manager.

Q: Does the co-op need more space?

A: Yes. Jamaica Plain is excruciatingly small and difficult to operate in. We are right at the industry edge on the high end of that number (sales per square foot). There are long lines. Products are often out because there isn't a lot of carrying space. Neighbors are very accommodating. Back room space almost nonexistent.

Q: Sales were up at Cambridge but flat in JP. Why?

A: Betsy was referencing sales than ended in April. Since April, sales have increased at Cambridge. At JP we have pretty much reached capacity for sales and services. We are reaching the end of the curve and there is a good competitor in town. Cambridge was hitting stride when the café opened and it has accelerated since then. The café has brought new business. The last six months in CB have shown double-digit growth.

Q: Does the increase in sales reflect an increase in purchases or an increase in the price of food?

A: We're seeing dramatic increases in cost. I ran the numbers. We are actually seeing real growth in customers, numbers, and basket size.

Q: Does C3 pay rent to co-op and what is the relationship?

A: We sublease the space. They pay for the square footage and equal share of all utilities for that space. They are a separate business. We sell them products that they use in their menu so we get a bump in sales that way. They also drive sales to our store.

Q: (for Jessie M. and Betsy on Patronage Rebate) Of the \$196,000 profit what happened to the profit that was a result of nonmember shopping and why wasn't that allocated?

A: That profit stays with the co-op and. By law you can't take profit from the purchases earned on nonmembers and give it to members. It gets reinvested in all the things

managers and staff need in the store. It is retained earnings. It's not necessarily cash flow. We were in the hole big time in accounts payable and we're gradually paying that down.

Q: Can we give our rebate back to the co-op? Why didn't we give all of the profit back to members? Why didn't we invest all of the rebate back into the co-op?

A: Yes, you can donate the check back to Harvest. The board discussed this issue at length amongst ourselves in order to come to a decision on this issue. The stores need a lot of repairs and we owe a lot of money to our vendors. Amy C. led the patronage rebate study. As we looked at the numbers we ended up in the middle. We reinvested which we clearly need to do, but we also gave a check to our members, which we also needed to do. This may encourage our members to shop more at Harvest, which will make Harvest more successful in the future.

Q: (MSCC) What are the plans for building more community within the Cambridge and JP stores?

A: MSCC is charged with building community in a way that is consistent with our mission and values. This is one reason we volunteer at the Food Project. This creates synergy with our organization. Also volunteering is a response to members who want to volunteer but can't commit to a specific number of hours.

The dinners: eight members came and had dinner with the board. This wasn't about being a co-op member owner but it was more about coming to the store and running into someone you wanted to see.

Q: One member felt that it was undemocratic to have the board select the questions instead of having the members ask questions from the floor. She asked about a living wage and why board was asterisking names on the ballots.

A: Steve C. asked if the members agreed to take ten more minutes to answer questions. Answer: affirmative.

Q: Why do we have endorsed candidates on the ballots?

It was not to make things more exclusive it was to make things *less* exclusive. The current board used to be able to decide who could even run for the board at all.

Q: Why did you asterisk members that you endorse?

A: The idea was to change from a process from which the board can exclude candidates to one where everyone is put on the ballot but if the board has experience and knowledge about certain candidates and those ones can be endorsed.

Q: What are the biggest challenges in sourcing locally and what is being done to source local products?

A: We have challenges in identifying local sources and signing them consistently. This is a priority of us but we have not solved it yet.

Q: Improving service. Concerns about pricing, particularly on bulk bins. (Lack of pricing.)

A: Our goal is 100% accurate pricing. Please let us know when things are not priced, or not priced accurately.

Q: (Betsy) What is the percent of sales to members in each store.

A: 25% Cambridge, 26% JP.

Q: Why are the mission and vision not finalized yet and what are the plans for reinstating member workers?

A: The mission statement is complete. The vision is bigger— what is Harvest’s purpose in life? It’s about having the staff and board be on the same page as to what Harvest is here to do. The board workplan is more about the vision— you want to make sure it’s always up-to-date.

There are no plans to reinstate the member workers program. It was discontinued because members were working side by side with workers and there were issues with liability where a worker could say they wanted more hours but this member is working instead of me. Also member workers were getting compensated at different rates because one shopped a lot and one shopped very little.

Q: Are there new co-ops planned?

A: There’s none planned now but we have been talking about expansion. You have to know about available sites ahead of time. We’re keeping our ears to the ground to listen for new opportunities. But we also have to dig out of the hole we’re in so we will be able to get a loan when one becomes available.

8:14 Board candidates Q &A.

James Poage has withdrawn his candidacy.

Salil Simon Payappilly

Been on board for a year. He had two “thank-yous” and a request. Thanks to Mike S. and the board. The request: an opportunity to continue the projects he has started on the board.

Matthew Altman

Member for five years. He has enjoyed seeing the growth of Harvest over the five years. Great interest in natural food for environmental and health reasons. Learned a lot in the past year. Had a large role in GM compensation; has also been active in tabling. Focused on small day-to-day things— in the future hope to look forward to the “hopes and dreams” and where we want to go in making that happen.

Christina Lively

Would like to be involved in this vibrant community. Board deserves credit for bringing Harvest to the condition it is in today but we need to continue to work on improvements.

Don Pierce

15 years experience in retail; eight years at Harvest. Bachelors Degree in computer Science.

Jesse Gallagher

Unable to make it tonight.

Q: You all have busy schedules— how do you anticipate being able to structure your time so you can contribute to the board?

A: Don— it 's all about time management.

A: Christina— I believe in Harvest and am wiling to make time.

A: Matt— for things that matter to you, you make time. This is important.

A: Salil— If it 's important you make time for it.

Q: What are the biggest challenges for Harvest?

A: Salil— Long-term sustainability. Last year we turned the corner. We are positioned well to expand.

A: Matt— I would echo that. There has been a change. We are thinking year-to-year and beyond now instead of month-to-month. We can look further into the future.

A: Christina— Competition from other stores; updating equipment; sustainability.

A: Don— We are challenged every day. Being able to pay off what we own is a big one.

Q: What do you see as a vision for Harvest looking forward?

A: Don— One, five, ten more stores.

A: Matt — Growth and new stores. More local food. Get members more involved. Growth in membership.

A: Christina— One year out, hard to say as a new person; two years out, a little more community; three years out, bring finances more under control. I would like to see our stores continue to do better and better as that would solve the finance issue.

A: Salil— Feedback from members. Expansion and more stores. Lease negotiation extension needs to be resolved.

Q: What would your top priority be for adding something to the board workplan?

A: Salil— Finish up previous agenda.

A: Don— Dwindle down the debt; get new fixtures.

A: Matt— Define more of the long term goals like local food and make those a reality.

A: Christina— Figure out how I can best serve the board and how I can best serve Harvest.

Q: What is the biggest strength you would bring to the board?

A: Don— My IT experience. I have a lot of retail and business experience.

A: Christina— My background is in education. I would bring outreach and education.

A: Matt— My background is in health and medicine. Passion is health and organic foods.

A: Salil— My background is in architecture and civil engineering, representing landlords and tenants in the Cambridge area. Would continue to focus on this area on the board.

8:30 Raffle

A member won of a large gift basket stocked with natural and organic goodies.

Q: (for Betsy) Do we still hold member loans from the early years, how much are they and what is the status?

A: Yes. About \$60,000 and it is one of the goals to start paying those down.

Q: (for Mike) Who serves on the GM team?

A: Marc Cutler, Sandra Andrew, Don Pierce, Chris Durkin and Cristina Giurgiu.

Q: What are the top priorities for spending Harvest profits this year?

A: It is not in a bucket it is about digging out of a hole that we are in regarding accounts payable. We need to have all our vendors and loans paid off.

Q: Communication: Have board members been to the JP store?

A: Jessie M: I shop at the JP store 80% of the time I shop at Harvest. You will also see board members at all Member Appreciation Days.

Q: Do the board members respond to emails directed to them?

A: We do not have specific expectation for directors on email response but they usually respond within a week. One of the challenges is that individual members cannot respond on behalf of the entire board. The board speaks with one voice after coming to consensus. This means that responding takes time. We have to find a common response on whatever the issue is. Also the email has spam filters to keep us from getting spam so sometimes some emails might not get through.

At 8:40 p.m. the meeting officially ended and Steve Clifford thanked everyone for coming.