

**HARVEST CO-OP MARKETS ANNUAL MEETING
WEDNESDAY OCTOBER 28, 2009
ST PAUL AME AUDITORIUM, 85 BISHOP ALLEN DRIVE
DRAFT MINUTES**

Meeting commenced at 7:00 p.m.

Joe Slag, chair

Minutes taken by Diane Simpson (Board Administrator)

Board members attending: Betsy Adams, Steve Clifford, Amy Cotter, Jessie Grogan, Jessie Myszka, Don Pierce, Joe Slag.

Staff attending: Mike St. Clair, Marc Cutler, Chris Durkin.

Board candidates attending: Megan Amundson, Stephen Clifford (current board member), Jessica Heimenz, Andrew Kessel, Elizabeth Levy, Rebecca Nemece, Joan Squeri, Tanya Stepasiuk, and Scotland Willis.

Other attendees: 115 Members of Harvest Food Co-op

Chris Durkin gave a pre-meeting slide show at 7 p.m. on the history of the co-op. He had pictures showing how Harvest originated as a preorder food co-op in the basement of the student union at Boston University; many nostalgic slides of the old Allston store; and some photos of both locations as they look today. It was a memorable presentation that was thoroughly enjoyed by all.

At 7:05 p.m. Joe S. opened the meeting, setting out the ground rules and agenda.

Agenda:

- First 45 minutes—board and GM reports
- Next—Q & A
 - 3 x 5 cards for questions
 - Write who question is for
- Next 45 minutes—Candidates speak
 - Statements
 - Q&A

At 7:06 p.m. Board President Steve Clifford spoke. He welcomed everyone to the meeting. He spoke about Harvest Co-op's mission and said we are doing a great job in fulfilling this mission. Next, he talked about what the board does and explained that none of the board members know how to run a market, so they hire someone for that job. They then monitor this person (the General Manager) to make sure he/she makes Harvest a financially sustainable operation within the limits imposed by the Board of Directors. He pointed out that we (the members) share a patronage rebate if Harvest is profitable.

He next talked about what the Board has heard from the members: make Harvest financially sustainable, improve operations, increase sales, have a profitable fiscal year, provide a living wage, increase benefits & compensation, grow greener, support those in need. He pointed out the four ways members can monitor the Board. Then he thanked the retiring directors (Betsy Adams,

Jessie Grogan, Jessie Myszka, Don Pierce, and Joe Slag) saying that Harvest would not exist but for the hard work of Betsy and others like her.

At 7:20 p.m. Steve introduced Mike St. Clair to talk about Harvest's first goal: financial stability. Mike thanked the deli crew, Maria, Doris, Fina, Reggie, and the many associates who put the dinner together.

His first topic was associate benefits. Mike noted that Harvest Associates received many benefits, including comprehensive health care, dental, paid vacation, sick time and personal time; holidays; bereavement, a 20% Harvest purchase discount, and an ESL reimbursement program.

Next, he talked about the many sustainability initiatives that Harvest has undertaken. He said Harvest is a charter member of the Cambridge *Sustainable Business Network* and has the highest SBN audit score—higher than a yoga class that uses only candles! He informed the audience about the many things Harvest has done to cut down on bag waste (doubling the bag refund when most chains are eliminating it; selling or donating more than 15,000 Harvest green bags; replacing oil-based plastic bags with extra strong post-industrial gas-resin based bags.) He also spoke about Harvest's growing lists of recycled objects (paper, plastic, tin, glass, aluminum, plastic bags, toner cartridges, eyeglasses, batteries and now—electronics. He noted that Harvest composts food waste material, and showed the audience how many adult trees, cubic yards of landfill space, and oil or electricity was saved through Harvest's recycling program with *Save that Stuff*. He mentioned all the community outreach Harvest has done by sponsoring events such as the Boston Vegetarian Festival, Wake Up the Earth; and member volunteering at the Food Project, Boston Green Fest, and many other grassroots events. The last two items he mentioned were things that are coming very soon: local products signage and Harvest gift cards. The gift cards have a picture of corn stalks because they are made out of corn instead of petroleum.

At 7:29 p.m. Betsy Adams came on with the Treasurer's Report. She said that for the 2009 fiscal year, Harvest would once again be returning a patronage rebate to members. She explained that sales for fiscal year 2009 (the one ending in April) were up over the previous fiscal year. This year Cambridge sales grew more than JP, most likely due to the success of the Clear Conscience Café. She said results to date are also positive and Harvest is looking forward to another profitable fiscal year.

At 7:35 p.m. Amy Cotter came on to give the MSCC presentation. (Membership and Social Concerns.) She was speaking in place of Liz Levy, chair of MSCC, who was in transit from Logan airport. She spoke about the purpose of the Membership and Social Concerns Committee and outlined some of their recent activities. She mentioned that giving back of our time to The Food Project was a way of giving back to the larger community. She also spoke about the Member Initiated Project Program. This is a way for members to go ahead and propose great ideas on work with them on a small team and help Harvest without being on a committee. Chris Durkin would hand out a form to you to fill out if you were interested in this. At 7:45 p.m., the facilitator, Barbara Holland, came on to handle the Q & A session. She asked members to write down questions neatly on the 3 x 5 cards that had been handed out and direct their questions to a specific presenter.

Q: Do the new resin bag break down in landfills any better than the oil-based bags? Are they accepted in bag recycling programs?

A: (Chris) No, they don't break down better or faster. In any landfill you need air and light. You can use them 10-20 times and they can be recycled. They are accepted in bag recycling programs.

Q: The cashiers only ask 'Do you want paper or plastic?'—could they ask, "Do you have your own bags?"

A: (Mike) We do encourage our cashiers to ask this question.

Q: What is the starting salary for the least skilled employee?

A: (Mike) Cashiers make \$8 an hour. This is where we find out if the person is a good fit for Harvest. Increases come with promotions.

Q: Can we look into not using plastic containers for nuts?

A: (Mike) We had three options, now it's down to two: plastic or clear bags. We lasted as long as we could with people putting the wrong codes on products.

Q: Is there any way to lower prices and stay profitable?

A: (Mike) Have you got a couple hours? (laughter)

- Harvest does not have the buying power of chains
- We are a \$15 million operation up against a \$3 billion operation
- We are working on lower margins as a result of higher costs to the store
- If you are looking for lowest price on everything you will not find it here

Q: Why are there no bathrooms for customers? Can you open it to members?

A: (Mike) It was the toughest initiative in the past year—it had become the public restroom for Central Square—I can't tell you some of the things that happened in and to that store. We had police visits every week. Talk to a manager if you need to use the bathroom. We can't open it to members because they would let other people in.

Q: Who are you?

A: (Facilitator) I am Barbara Holland of *Breakthrough Partners* and I was asked to facilitate to keep the flow going.

Q: What are some examples of Member Initiated Projects?

A: (Amy) There are none yet but one woman wanted to do food education in local elementary schools.

Q: What advertising or general marketing are we doing?

A: (Chris) We made a decision a few years ago that before we invited people into our house we wanted to get it in order. The \$4,000 we do in direct donations to schools through our marketing budget is minimal.

Q: Can we create a member workers program to stimulate more member participation?

A: (Betsy) Two or three years ago we stopped the member work program because it's not legal to have people work in the store for less than minimum wage.

(Chris) There was a liability issue. There was a labor issue. There was a tax issue. We are a not-for-profit, not a nonprofit. For financial reasons we cannot do the member work program. If you can figure out how to do it without breaking the law, come and talk to me.

Q: Do you still have member loans?

A: (Betsy) Yes, we are still paying them down. It has been fifteen years since we borrowed from members.

Q: Can you hold our annual checks at the store for us to pick up, or better yet, credit our member accounts electronically?

A: (Betsy) We cannot do store credit. It seemed to be too time consuming to hand them out in the store. Direct Deposit—we did not think of this.

At this point Barbara suggested approaching Mike directly with questions after the meeting. Another person asked if the questions could be put online or answered in the newsletter. Steve C. said he would see what we can do.

At 8:05 p.m. Joe Slag started introducing the candidates.

1. Megan Amundson

- Political Director for Mass League of Environmental Voters
- Wants to be involved in environmentally-friendly businesses
- Has experience in the non-profit world
- Spends a lot of time “herding cats”
- Likes working with budgets & numbers
- Goal: wants to help make a business that is environmentally and socially sustainable be a financial success

2. Steve Clifford

- On Board of Directors for three years
- Believes in the co-op model—If we collectively own the business we deserve to share in the profits
- Got involved in employee-owned businesses several years ago
- Harvest has made great progress during the time I have been on the board
- We are growing toward fiscal stability but e have some serious challenges ahead
- I bring valuable experience and perspective to the job

3. Jessica Hiemenz

- Use to live in JP; lives in Hyde Park now; originally from Virginia
- Works at the National Consumer Law Center as Event and Training Coordinator
- Worked for Equal Exchange in the interfaith program
- Served as chair of the Education Committee at Equal Exchange for 2¹/₂ years
- Has Master's in community Economic Development with concentration in Credit Unions and Cooperative Management
- Spoke at a national conference and visited several food co-ops around the country
- Big issue: the Big guys coming into the natural and organic foods market

4. Andrew Kessell

- Wants to make Harvest a great place to shop
- Supports the co-op
- Works at Equal Exchange in Sales
- Has been on MSCC for eight months
- Moved to Boston two years ago
- Goals: Help Harvest to be more responsive to the community
- Would like to build membership (no specific ideas yet on how)
- Would like to create a good working environment for employees
- Energetic; passionate; willing to listed and learn

5. Liz Levy

- Chair of MSCC for the past four years
- Involved in Socially Responsible Investing
- An Environmental Analyst
- Gets involved in building sustainable companies from the bottom up
- “Bring on the Balance Sheet!”

6. Rebecca Nemec

- Operations Manager at Canto 6 Bakery
- A lot of experience and skills that will serve the board well
- Prior to Canto 6: Was policy coordinator at The Food Project
- Built relationships with everyone involved with food from seed to table in the Boston area
- Will help bring more local, organic food to Harvest
- Loves food!! Loves shopping at Harvest!!

7. Joan Squeri

- Background in quality assurance in construction
- Has done research on restoring the supply chain of local food to Boston
- The way to profitability, great workspace, great shopping experience, is to keep getting better!
- We have more work to do on getting local products
- Why local is good:
 - Financial (local business)
 - The investment comes back 2,3,4 times to the community
- Manages a farmers market in Cambridge at the Morse School
- Hope to bring the QA piece and the local piece to fruition in a more resounding way than we're now doing

8. Tanya Stepasiuk

- Lived down the street from Harvest Cambridge for approximately 1 year.
- Not experienced in food, nonprofits
- An attorney, dog owner, NPR announcer, flamenco dancer, and cello player
- Very excited about the green initiatives and employee benefits
- Enjoys being part of a team with a common goal
- Would bring legal skills to the table for
 - Bylaws
 - Mission statements
 - Meetings

9. Scotland Willis

- Not often that you get to be part of something organic!
- Born and raised in Boston; Lives in Fort Hill area of Roxbury
- Concerned about how we continue to support a network of people involved in social justice
- Former restaurant owner—"Food is my life!"
- On board of United Settlements
- Need to think about how to make healthy food accessible to the African-American community
- Need to educate the community about what it means to buy local
- Management consultant at Biosphere Management Consulting

At 8:30 p.m., Barbara came back to lead the Q & A with the candidates.

Q: What's the biggest challenge facing Harvest next year?

A: (Steve) It's a tough economy. Biggest challenge is getting into organics. *Walmart* sells organic food now! We have to figure out a way to make our margins with this kind of competition. In a way, this means "we won." So...what do we do now?

Q: I am concerned about turnover on this year's board.

A: (Steve) We have a great slate of candidates. Board work is tough. It's lots of work. People get tired. Everyone has their individual reasons for retiring. Many board members were committed to getting Harvest to the other side of hard times—and they're done it.

Q: What's the difference between a non-profit and a not-for-profit?

A: (Chris) There are legal differences. Not-for-profits cannot have volunteers without the liability issues that ensue.

Q: Both of you worked at Equal Exchange (Jessica Hiemenz and Andrew Kessel). How do you feel your experience would differ?

A: (Jessica) At Equal Exchange as a member, we were the workers. With this position I'm not a worker but I can't forget what it's like to be one.

A: (Andrew) It's like wearing hundreds of different hats.

At this point Barbara announced she was going to ask each candidate "What's the biggest challenge facing Harvest next year?" (Same question Steve was asked earlier)

Scotland Willis:

- How do we continue to grow our organization?
- How do we make "sustainability" sustainable?
- Tremendous opportunity to do local farming and urban agriculture
- Need education tools for local schools
- Getting more people, growing the organization
- Maintaining customer service
- Concern with morals, ethics, and integrity

Tanya Stepasiuk:

- Hard to know what our biggest challenge is before meeting with the current board
- Most likely competition; distinguishing ourselves
- How people know us

Joan Squeri:

- Competition challenge is real
- Make Harvest a heavily patronized business
- Make people aware of what is the value added by Harvest
- Get involved in educating people

Rebecca Nemec:

- Where our economy is going
- Listen to members, staff
- Have creative, innovative ideas

Liz Levy:

- Inherent conflicts of interest between wanting to provide low prices to members while sustaining local and small business

Andrew Kessel:

- Competition
- Differentiation from other stores
- Better messaging
- The fact that only 25% of people who shop at Harvest are members
- Being focused too much on the local thing as opposed to the cooperative thing

Jessica Hiemenz:

- Distinguishing the products
- Needing to emphasize:
 - Workers' rights contributions
 - Fair Trade contributions
- JP store is maxed out
- What caused JP to go down in sales?
 - Was it that a new store opened?
 - Have to look at that and try to remain competitive

Megan Amundson:

- Being able to offer the lofty social & environmental goals within the fiscal constraints in which Harvest operates
- Continuing the really fabulous programs that Harvest has going

Q: This is a process question—please explain the new board election system.

A. (Steve) We changed the board elections work. This kind of high turnover is problematic—we are losing institutional knowledge. Starting with the next election period the highest vote-getters receive three year terms. After that, every year only three board members will be up for election and everyone will have three years terms.

Steve requested at this point that people talk to the candidates after the meeting. Chris Durkin informed people about goodie bags at the back of the hall.

The meeting ended at 8:55 p.m.