

**HARVEST CO-OP MARKETS ANNUAL MEETING
THURSDAY OCTOBER 25, 2012
BOYLSTON CONGREGATIONAL CHURCH, JAMAICA PLAIN**

Meeting commenced at 6:30 p.m.

Annette Dufer, chair

Minutes taken by Diane Simpson (Board Administrator).

Board members attending: Matt Auerbach, Annette Dufer, Stephanie Golas, Andrew Kessel, Christina Lively, Rebecca Nemec, and Christian West.

Absent: Wendy Holding, Scotland Willis.

Staff attending: Mike St. Clair, and all of his direct reports, which would include Don Pierce, Marc Cutler, Chris Durkin and Sandra Andrew.

Board candidates attending: R. Wayne Clark, Arash Kani.

Other attendees: 92 Members of Harvest Food Co-op.

Agenda

Harvest Co-op Member dinner agenda.

6:00 Networking and dinner and Co-op bingo

6:30 Introductions, General Manager (GM) & Board of Directors (BoD) Reports

7:30 Table Discussions

7:45 Q&A

8:30 Board of Directors candidate's statements, Q&A

Introductions, General Manager (GM) & Board of Directors (BoD) Reports

6:35 Annette (Board secretary) started the meeting and introduced the facilitator.

6:36 Pat (the facilitator) came up and introduced herself and went over the ground rules.

6:39 Mike St. Clair (the general manager) gave the GM report. Among the items he noted in the new store were:

- New & improved refrigerator section
- New & improved bulk foods section
- Softer lighting
- Warm colors

Mike then explained the layout of the Arboretum store

He also talked about glycol refrigeration technology. It's an added expense but environmentally friendlier than the old technology.

6:55 Christina (Board president) gave her report.

- There are about 4,000 co-op members who are currently active
- Board has to think of what's best for the entire co-op
- November 19 is the unconfirmed date to talk about referendum process

7:10 The Board members came up and introduced themselves

7:15 Christian (Board treasurer) gave his report

- Two things affected sales:
 - 53-week fiscal year
 - Whole foods came to JP in October 2011
- Net income is stable
- There was a 10% jump in membership

7:20 Andrew (MSCC chair) gave the report for the MSCC

- (No slides for this section)
- MSCC is a channel for members to participate
- It meets on the 4th Monday from 6:30-7:30 in the new offices
- It has also met in the Eastern Bank community room
- There are only a few people at MSCC meetings
- There were 40-50 people at the visioning meeting in Cambridge

Examples of MSCC activities:

- International Year of the Co-op Banner
- Co-op Faire
- Volunteer Day
- Questionnaire
- GMO education
- More voices in the newsletter
- More public info to members

There are four broad categories in which you can be involved:

- Newsletter group
- Marketing & member education
- Member assembly
- Member involvement:
 - activities
 - ongoing donation strategy

Andrew passed around a signup sheet for MSCC.

7:25 Christina introduced the question section. People will talk with their neighbors at their table and come up with three big questions together.

7:42 Question & Answer Section

Q: What will happen to the small JP store?

A: (Mike) Will keep it open & assess business climate

- Think there's a separate market for that store
- Maybe it can develop in to the traditional neighborhood store it was meant to be

Q: Can there be a community space?

A: (Mike) We've talked about that but it needs to be ADA compliant and that's expensive.

Q: Can you involve members in the 1-minute activist program:

- Train staff in how the papers are collected
- Can people walk around on member days to get signatures?

A: (Chris) This started many years ago. I go to websites and also get suggestions from members for the activist letter. At the end of the month I mail them off. I also put links in our website so you can directly contact the decision maker. There are about 50-75 actual letters a month. (There used to be 150-200.) Contact me if you have ideas you want me to consider.

Q: Are they in the newsletter?

A: No, but the link is in the E-newsletter. Chris explained to the audience where the activist letters are in the store.

Q: No one at the store knows where to put the letters.

A: (Chris) Hand it to the people at the front desk.

Q: Where are we getting the money for the Arboretum store?

A: (Mike) From CFNE (Cooperative Fund of New England.) CFNE has grown with the store.

Q: Why do we carry Coca-Cola and Poland Spring water? We want to be leaders in healthy food products.

A: (Chris) We want to serve the whole community. We want to get people in the door and then steer them to healthy food products.

There was a disagreement about the rationale for stocking Coke.

Q: What percentage are you paying on the loans you're taking?

A: (Maggie from CFNE) Six percent.

Q: Why did Harvest choose to open a new store in the Fenway where there is no membership base instead of working with the people on Dorchester?

A: (Mike) The first priority is to take care of current members. We had to stay in Central Square. In JP the priority was to take care of JP.

- Current facility too small
- Whole Foods is too close
- Don't know about the lease
- Fenway is a "letter of intent"
- It's a way to grow membership
- We have interest/they have interest
- Earnest discussions happen later

A: (Christina) We asked about membership involvement in the questionnaire and we're working on getting people together who want to organize a member campaign

A: (Chris) The Dorchester thing was bad timing. They came to us after we had committed to the new JP store. We couldn't stretch that much in a short time frame to add another co-op.

Q: I am new to the co-op (1½ months) and I was wondering about the referendum.

A: (Christina) We'll have another meeting on November 19th. Our bylaws have specific policies around referenda. The Board can bring a referendum or 10% of the active members can bring a referendum. Referenda have to pass with a supermajority. If 10% do not want the referendum it doesn't happen. The referendum this summer didn't get enough signatures.

Q: Net income is down to 40% of what it was in 2010. Is Whole Foods affecting JP?

A: (Mike) The major reason is Whole Foods. It has had a significant impact.

- Brought down sales.

- We didn't increase prices when we got hit with increases.
- Due to the 53-week fiscal year, it added "profits" but brought the second number down
- We project Whole Foods' impact to be about 15% of sales
- There are stores that leave when Whole Foods comes in.
- We thrived and made adjustments to the business model.

Q: I have a concern for the deli people who have been laid off. Will they be asked to take positions in the new store?

A: (Mike) This was the hardest thing we ever had to do. These people were like family. We could only tell them legally, "We have a new store coming." We have already hired one person back...others found jobs...some are still looking. There's another store coming.

Q: Can the special-ordering system be smoother?

A: (Mike) The ordering system is difficult to manage. Sometimes people don't pick up the product. My store managers are here and they hear you. They want to improve the program. The way we earn your business is with the little programs and we need to remind ourselves of that every day. Please talk to the managers! They want to hear from you! You'll get personal service that you won't get at the big box stores.

A: (Don) We're working on an electronic database to manage special orders.

Q: There are 15,000 members but 4,000 active members who have made a \$200 deposit—is this creating a class division? Is it that 11,000 member can't afford the contribution? How is the Board addressing this?

A: (Andrew) One of the seven cooperative principles is "economic participation in the co-op." People who aren't invested shouldn't override people who have economic investment. We can investigate the threshold and see if it's too high.

A: (Christina) It is actually only \$26.00 a year to become an active member. (\$25.00 and spend \$1.00 in the store.)

Q: Why is Annual Membership declining?

A: (Chris) When we switched to Patronage Rebate we had two systems:

- Equity: \$25 a year and you get it back when you leave.
- Annual: You're paying a \$25 fee that you never get back. So we've been telling people that Equity is a better deal.

Q: Why are there 11,000 inactive members?

A: (Chris) Under the old system (register discount) you didn't have to put in \$25.00 or spend \$1.00 in the co-op. We do not clear the rolls. If you put in the \$25.00 you become active.

Q: Turnover—is it higher or lower?

A: (Mike) We were trending way over at first in retaining Associates. Harvest turnover is less by 1/3 than the industry average.

Mike introduced the store managers.

Q: How is Harvest creating a better place to work?

A: (Mike) We provide an environment:

- We ask for opinions, suggestions

- Everything is taken seriously
- Item suggestions
- Customer service suggestions
- We don't pay the best but we have the best benefits program
- Talk to Associates in the stores and ask them!

8:20 Candidate statements

Originally there were 6 potential candidates but only 3 ran and then one dropped out.

Christina requested that if people are interested in being appointed to the Board, please come and talk to Board members.

R. Wayne Clark spoke first. He has experience with member assemblies, preorder retail. He has lots of experience and 40 years in the co-op movement. Wayne said he would look on his election as a referendum. "This year you vote yes or no. Only you can make this a co-op. If you want to make this a co-op vote yes (for Wayne). If you want someone else to make this a co-op vote no. Vote yes if you're willing to help make this a co-op."

Arash Kani spoke second. He said he spent last year working with local sources of food.

Potential appointees came up next.

Leah Madsen

- Shopper for 6 years; member for 4
- Excited to get involved
- Lives in JP between the 2 stores
- Community organizer
- Wants to increase the sense of community:
 - Community buy-in
 - Community spirit

Eva Agudelo (Winther)

- Member for 2 years
- Lives in JP
- Recruited by Rebecca
- Studied agricultural policy at Tufts
- Trains people who train farmers
- Worked in co-ops since age 17

8:30 Questions for the Candidates

Q: I would forgo the Patronage Rebate check for lower prices. I am concerned about people in Central Square. They can't afford the food. Star market is cheaper.

A: (Christina) The Board does not decide on prices and does not have experience on how to price food.

A: (Chris) We have a 5% discount for people who use EBT, seniors, and people with disabilities.

A: (Wayne) If you use a Patronage Rebate model the way it's supposed to work you charge regular prices and then give members a discount. Prices need to be high enough to keep the

co-op operating. We can do surveys of other stores. We have “co-op advantage” sales and we should continue these programs.

Q: How do members give input?

A: (Wayne) Say prices are high and get information on it.

Q: Do you agree with the manner and timing of the referendum policy?

A: (Arash) There are better ways that we can reach membership.

A: (Wayne) The way was not handled particularly correctly. I would have expected more openness. I don't find it particularly useful to criticize the previous Board. That's gone—let's move forward.

Q: What are your thoughts on increasing communication between members?

A: (Wayne) • Member dinners
• Working Group involvement

A: (Arash) At the last meeting we talked about having more events

Q: If you could change one thing what would it be?

A: (Arash) The special order system

A: (Wayne) The member work program

Q: Aren't there questionable reasons as to why the member work program was discontinued?

A: (Andrew) We have an FAQ on the website. It's not that simple. There were risks and benefits.

Q: My personal stance is that the co-op should be a place that takes its food purchasing seriously.

- Ingredients
- How raised (or manufactured)
- Unethically produced products

A: (Wayne) I haven't thought about that specifically, but co-ops have been in the forefront of the movement to require better food labeling.

A: (Arash) I'd look for member help.

A: (Christina) Ethics are tricky. Vegetarians might say you shouldn't sell meat. Sugar is problematic.

Q: Would you encourage members to start a newsletter that would be run by members, or have member input?

A: (Wayne) That's a great idea.

8:47 Thank You and Wrap-Up

Christina thanked everyone for coming. Matt made a request for a special “thank you” for Christina, who has worked very hard this year. Chris Durkin reminded everyone to attend the Vegetarian Food Festival this weekend. Mike reminded everyone to take home some food.

The meeting closed and 8:49 p.m.