

**HARVEST BOARD OF DIRECTORS
DRAFT MEETING MINUTES-JUNE 12
MEMBER SESSION**

Attending: Dwayne Desaulniers, Wynston Estis (Interim General Manager), Ellen Dickenson, Eli Feghali, Gordon Williams, and Kashif ul-Huda & Lydia Peabody by phone.
9 guests attended. Doris Reisig, David Barry, (former store manager), Joanne Tuller, Lindsay Van Alstine, Alexander Klosterkemper, Heather Mumford, Greg Brodsky, Wayne Clark, and Marlene Archer.

Dwayne reviewed the meeting purpose and guidelines.

Vote Key

Votes are recorded in this order: For, Against, Abstaining
Minutes taken by Kristen Aldrich
The meeting commenced at 6:50pm.

Agenda Review

Add a standing agenda item to all meetings (aside from Special sessions): “Board approval of owner equity refund,” whereby the GM informs the Board of the number of member equity refund requests, in what amount total, and for what reasons in general, which the Board will then approve or deny.

Introductions were made around the circle.

Member Comment

A member asked for cash flow statement. Ellen responded not available in hardcopy. Will be sent via email to those in attendance. Wynston has not received May financials yet, waiting for FMS to process. Wynston attempted to shorten timeline, process time consuming. A member asked if we are breaking even - we are not.

A member commented that given the current crisis we are presently facing, the board should make financials and tax return documents available to all membership. The member requested to see all financials. Ellen responded that what we have available is the most comprehensive and digestible format of information. It will be shared following this meeting.

ACTION ITEM: Shared financials with all members in attendance. (*Update - Wynston sent Kristen the May 2017 Finance Committee financial report, which Kristen sent to the members on 6/15/17.*)

The board agreed to share tax returns. Members who were not in attendance should have access to all information. More transparency sooner would have been preferred, but at this point the request is to share all financials with members to allow for informed opinions.

A member asked for sales growth. Wynston responded that we’ve seen negative sales growth of 8.6% year over year (2016 to 2017).

Minutes and Action Items Review

Errors in the May minutes were discussed via email. Eli didn’t have the chance to read them all.

Motion: Approve May minutes with corrections. The motion was moved and seconded. Approved 4-0-2.

Proposed agenda change

GM monitoring report was moved up before Committee reports with 10 additional minutes, taken away from Member Engagement and Finance Committee reports.

GM Monitoring report

Wynston reviewed her report shared with members, addressing policies: B.1 – Communication to the Board, B.2 – Financial Condition and Activities, B.3 – Business Planning and Financial Budgeting, B.4 – Asset Protection, and B.5 – Membership Rights and Responsibilities.

Wynston said media attention has been good and bad. Dwayne asked for clarification to which Wynston responded the *Wicked Local* and *Boston Globe* articles. Articles resulted in negative impact on staff morale, leading to staff resignations. In regards to B2 Financial Conditions, Wynston reported being largely not in compliance. Highlights of the financials table were discussed.

Wynston mentioned initiatives that are not yet complete including:

- Two promotional programs - affordability low income program and another owner program
- Seating to be installed
- Securing added cash to relieve cash flow potentially via LEAF, Coop Fund New England, Equal Exchange, Boston Impact initiative

Wynston recommends focusing on basics of retail management, including aggressive inventory management. She pointed out the produce department requires the most talent for inventory management. Discussion ensued regarding the nuances of Sunday night produce inventory management and working with new produce buyers.

A member asked for clarification on current management positions at the coop. Wynston responded: 2 grocery managers, 2 produce, front end, wellness buyer, store manager Cambridge, store manager Arboretum, and meat buyer. Wynston discussed the benefits to limiting middle management, the problems in staff becoming overly specialized and territorial in their roles/tasks, and issues with very few key staff members doing everything while majority of staff have very low levels of expertise. Key staff may suffer burn out without a path for upward mobility.

Wynston discussed the ample room for improvement in staff efficiencies. Staff manuals could help but there is a lack of capacity and time to develop documentation for systems. Some documentation is available but is not comprehensive.

Year end financials have not yet been shared with staff. The March financials are inaccurate but to forensically re-open with FNS would be burdensome and time consuming. Wynston is confident that assessing the quarter on a whole would be accurate and useful. It will require auditing the general ledgers to see exactly what's going on. Wynston highlighted 3 aspects of Margin: take the good in, record the good, sell the good. Financial information to be further investigated. Trial balance and year end financials were submitted today 6/12/17, and will take an estimated 6 weeks to process. Wynston expects FNS can assist us with controls and system pointers to give us more confidence in our margins.

A member asked do we conduct quarterly physical inventories. Wynston responded yes.

Dwayne asked for an update on vendors/payables. Wynston responded that December end payables were \$612,000, and now end payables are \$632,000-\$640,000 and at this point no one has “hit the panic

button” yet. Dwayne brought up basket sizes - size hasn't increased despite all the efforts to encourage more spending. Wynston responded yes we're stuck.

The group discussed communications that have been sent to membership, which have included emails plus the survey and an additional email about the member forum. A member recommended to send communications every 2 weeks including a quick plea to shop more.

A best practice Wynston gleaned from attending a conference recently was to encourage social media sharing through members' personal networks.

Eli pointed out it seems we've almost reached the limit of possible improvements to store operations to increase sales aside from some larger items like staff capacity, but identified 2 strategies yet to exhaust (1) increase cash flow through loans and (2) marketing, outreach and organizing strategies.

Wynston addressed Dwayne's previous question regarding basket sizes. Basket size was down but the transaction count was up in April and January. It appears members are shopping more often (increased transactions) but not purchasing more (small basket size).

Wynston addressed Eli's question regarding store improvement strategies. Additional efforts include ensuring the product reflects the season, and events that are seasonally relevant. More community engagement is ideal but capacity is limited. So far engagement amounts to in store signage, Facebook, and Harvest website. Marketing team consists of Anna, Wynston and product and produce purchasers

Ellen asked about community tabling events. Wynston shared the new membership brochures (add to minutes). Ellen referenced several volunteers that have offered to help. A member in attendance is on the PR committee/working group but they are not sure what they can do. They are ready to act, but don't know their limitations. Priorities should be in store events, owner loan program, owner membership drive. Growing membership is needed. Consider student ownerships. Eli commented that there is lot of Member energy but no capacity to coordinate volunteers and asked if we can find staff hours to coordinate volunteers.

A member asked if we can raise member equity from \$200 to \$1000. Dwayne responded we haven't discussed an increase to membership dues but we have discussed voluntary additional member payments.

A member referenced a proposal they had sent about re-engaging old members inquiring how that should that happen. Ellen responded that if equity payments have lapsed or if they haven't made a purchase in at least a year. Old members not getting member discount. We must still have member data.

ACTION ITEM: Wynston will investigate inactive members, and check old memberships in the system.

A member asked if we are losing membership. Ellen replied we are staying steady. Wynston said we are seeing 75+ new member applications per month.

A member expressed their support of the coop, that they are happy to help Eli, and that we have a strong energetic membership. Discussion ensued about sending more emails to membership.

A member asked if a key coordinators within the working groups can be assigned. Discussion ensued around creating clear oversight structure of people to manage the sub-groups/working groups. Eli

recommended hiring a staff position to handle volunteer coordination could help increasing sales.

ACTION ITEM: Wynston will determine a plan by Friday June 16th to be shared with the Board.

The plan will ultimately be shared with membership. Members were encouraged to follow up with board members individually via email. Board emails are posted on the website.

Committee Reports

Finance - Ellen reported that the financial report will be included in the member packet every month and we will present annual financials and tax returns to improve transparency. Dwayne confirmed that termination has been sent for the Bartlett place potential third store. A non-binding lease had been signed which was terminated this week. We are awaiting return receipts via mail.

Member Engagement - Eli reported that the member participation survey report will be shared with all who participated, on Facebook, and with all membership. 313 members completed the survey, which is more than 10% of all active members. We believe the gift card raffle incentive helped. The survey will close and 3 gift card winners will be chosen. Some survey results highlights:

- 55% of respondents shop primarily at the Cambridge store
- In response to “Why did you join?” the number 1 answer is “to support small local business”
- 76% responded they are likely or very likely to promote Harvest to a friend - Ellen expressed surprise that so many people said they wouldn’t promote to a friend
- In response to “How often do you shop?” the top answer was “a few times a month”
- Top responses to “where else do you shop” were Whole Foods and Trader Joe’s
- Those who responded they’d be interested in volunteering will be emailed about opportunities through new working group structure

ACTION ITEM: Wynston and Eli will review the survey responses, identify and contact raffle winners, and loop in Joanne who offered to help analyze the data and to redact identifying information.

Member Forum - 5 working groups emerged from the forum and each group has an email list. Overall coordination is now needed to move things forward and get to work. We need to determine the best way to structure groups and leadership coordinating groups, utilizing the great energy and momentum.

Election Committee - Lydia reported that Diane created the draft election calendar. We are behind on the calendar overall, but not behind on anything urgent. 10/25/17 will be the annual meeting. According to our by laws, applications must be received 30 days before voting. Discussion to clarify does this mean before voting opens, which would be 9/25/17. This year ensure that in store voting works well alongside our online voting process and system. Last year hiccups were experienced regarding the online system and collecting paper ballots. Ellen said we’ll need to find space and confirm the annual meeting date, set it ASAP, and host in JP this year (it was in Cambridge last year). The committee will be reviewing the new board member orientation.

ACTION ITEM: Wynston will work with Marc and Kristen to schedule annual meeting

ACTION ITEM: Lydia will (1) update the committee charter, (2) review the election packet (which is currently too long and awkward) ensuring we are getting the information we want from the election packet, and (3) add to the Election Committee charter to run election and orientation of new board members.

Motion: Approve IGM monitoring report. The motion was moved and seconded. Approved 6-0-0.

Go Fund Me

Dwayne reported we are still working on the copy for the Go Fund Me narrative.

ACTION ITEM: Dwayne will send Eli the copy by Friday 6/16/17.

Process for filling Board Vacancies

Board member roles are currently vacant due to resignations. The by laws allow the board to appoint up to 2 in addition to elected members. Interested parties in board seats. Past Board appointees have subsequently run for election. Discussion of the appointment process: ask for resumes from interested parties, interview process similar to the Q&A at the annual meeting. Board discussed potential and logistics of incorporating this process into a member forum, but ultimately decided Board appointments should be conducted by the Board and not the general membership. Announce appointment solicitation via email, website, Facebook, etc. requesting resumes. Board will then review candidates and hold a quick call with the board. Emphasize the current desire for skills/experience in finance and marketing. A director pointed out that the election process is also open now, concurrent with this appointment process. Applicants will be considered for appointment. If an applicant is not appointed or application is received later, they are welcome to run in the election. An appointee’s term lasts until the next annual meeting. The Executive committee will finalize the process and publicize asap.

ACTION ITEM: Executive committee will meet this week by phone to finalize decisions. We will fill vacancies as quickly as possible. Dwayne will coordinate scheduling.

Board Monitoring Report

Ellen explained the Board Monitoring report in which the Board conducts a monthly internal review on a particular topic. This month’s topic was Code of Conduct. Ellen pointed out a low response rate for this month. Those who did respond reported positively. More reminders from the Board Admin are needed in the future. This month Board Admin position transitioned from Diane to Kristen.

ACTION ITEM: Kristen and Diane will meet to discuss board monitoring surveys and process.

Motion: Close the member meeting. The motion was moved and seconded. Approved 5-1-0.

Member session closed at 8:26pm.