

MEMBER

HARVEST BOARD OF DIRECTORS DRAFT MEETING MINUTES-SEPTEMBER 11 MEMBER SESSION

Attending: Ellen Dickenson, Lydia Peabody, Kashif ul-Huda, Gordon Williams, Eli Feghali, Dwayne Desaulniers (late due to fender bender)

10 members:

| | |
|-------------------|--|
| Matthew Andrews | |
| Erin Pizzonia | |
| Thomas Moore | |
| Joshua Anderson | |
| Wayne Clark | |
| Marlene Archer | |
| Sherri Tucker | |
| Sarah Koolsbergen | |
| Maggie Cohn | |
| David Barry | |

Pre-meeting Meet & Greet for interested Board candidates 6:00-6:30pm.

Board discussed including brief explanation at start of each section of meeting packet.

Vote Key

Votes are recorded in this order: For, Against, Abstaining

Minutes taken by Kristen Aldrich (Ellen kept time until Dwayne arrived)

The meeting commenced at 6:30pm.

Agenda Review

Kashif reviewed board meeting purpose and agenda. Ellen suggested amendment to agenda - add 5 minutes after committee reports for Special Meeting update.

Eli distributed member engagement committee document.

Introductions around the room. Announcement of Erin, board fellow for the coming year to help review/improve orientation, communications, and other internal board operations.

Member Comment:

One member, Matt, discussed a recent convening of members who met to discuss the Special Member Meeting. The group reviewed Matt's draft announcement and proposals and agreed upon the proposals. A member expressed interest in a second Special meeting and pushing back annual meeting to do so. Meeting space is confirmed for the Special Meeting to take place at Christ Church at Harvard St on 9/25. It's \$75/hour - accessible for wheelchair, public transit, parking is hard but carpool from JP might be coordinated. Still need to determine agenda and facilitator. Dwayne will address this topic later in today's meeting.

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Review August Meeting minutes and action items:

ACTION ITEM: Kristen remove emails (keep names) from August minutes and re-post. *(complete 9/12)*

ACTION ITEM: Kristen coordinate with Eli to post meeting packets to Facebook group.

ACTION ITEM: Senior discount - Brian asked to clarify if it is 5% or 10%. Table for next meeting.

ACTION ITEM: Hold off on approving minutes until we have full meeting minutes. Kristen get notes from Meghan. Hold electronic vote once all minutes compiled.

ACTION ITEM: Dwayne draft invitation to members for annual meeting.

Dwayne arrived 6:51pm.

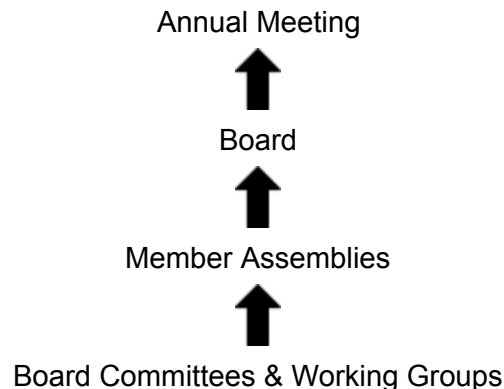
Committee Reports:

Finance Committee: Ellen reported last meeting took place in July. Waiting on final review statements for FY2017. The next meeting (aiming for first week of Oct) will focus on discussing FY2017 financials - will inform narrative for annual meeting.

Member Engagement Committee: Eli distributed and walked through draft proposal of member engagement structure and purpose. Document copied and pasted below.

Harvest Member Engagement Structure and Process

Proposal for a new structure:



- Board Committees = a limited number of groups open to members that are chaired by a board member, and receive dedicated board support in the form of time and access to board funds (as needed and approved by the board).
- Working Groups = members are welcome and invited to self-organize working groups on any topic they choose. Working groups are not approved or vetted by the board, but are not guaranteed to receive board support in the form of time or funds, although they can request infrastructure support (like an official email or space in a board communication).
- Members come together in quarterly member assemblies to:
 - Share information between board committees and working groups
 - Bring proposals to a broader subset of members for discussion and decision-making

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- Form new working groups and recruit member participation in existing groups
- Hear updates from the board and management on the state of the co-op
- The board is still the final decision-making governance body of the cooperative, except in the case that a proposal which has been rejected by the board is approved in a subsequent member assembly, in which case it should go on the agenda of the annual meeting for a binding vote by Harvest membership.

How would these assemblies work?

- Meet three times a year (skipping the quarter of the annual meeting)
- Longer meetings, likely on a weekend. Probably will need to be 3-4 hours long, although the agendas will dictate that.
- Agendas and facilitation designed by Member Engagement Committee
- Meetings would also include built-in time for the following:
 - Updates from board, GM, and working groups
 - Mingling and social time

What's the deal with proposals?

- If a board committee or working group wants to bring a proposal to the member assembly, they must submit the language of the proposal with any background information with two weeks notice of a member assembly to the Member Engagement Committee. All proposals that meet this criteria are required to be on the agenda, though the Member Engagement Committee is empowered to design the agenda as it sees fit.
- Any proposal that's on the agenda but doesn't get discussed due to time is bumped to the top of the agenda for the next assembly.
- Proposals can be about *anything* related to the governance or strategy of the cooperative, as well the official positions and statements of the cooperative. For example, the member assembly could hear a proposal about changing Executive Session, or about Member Work, or about changing the Ends, or a by-law change, or about the board making a statement about X/Y/Z issue in the community.
- Specific in-store management issues can be discussed, and a recommendation can be made that can be passed along to the GM, but the board maintains a separation of authority between itself, members and management -- except insofar as the board hires/fires the GM.
- The proposal hearing process will need to be figured out later, but it could like something like this:
 - Facilitator presents proposal
 - Members ask clarifying questions to the person proposing
 - Anyone in opposition is invited to make their case
 - Anyone in favor is invited to make their case
 - Facilitator takes amendments from the floor

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- Vote
- Any proposal that is passed gets put on the next board meeting agenda for a binding vote of the board. If there are too many proposals for the board to consider in one meeting, then some proposals may be considered at the subsequent board meeting, at the discretion of the board president.
- If the board doesn't approve something, then it goes *back* to next the member assembly. If it is approved again, then it goes directly to the annual meeting for a binding vote. A decision that requires more urgency should go through the special meeting process.
- If the board is considering a proposal from the member assembly, they can decide to forgo voting on it and put it on the agenda at the annual meeting. In the event that the board rejects a proposal, they can waive the requirement that the member assembly re-vote on it, and put it on it on the agenda at the annual meeting.
- The board is still empowered to bring proposals directly to the board for a vote, without going through the member assembly process. Members hold the board accountable via elections, and can also use the member assembly process or a special meeting to reverse an unpopular board decision.

Are there decisions can be made a member assembly that don't require board approval?

- Decisions that only impact the coordination or information sharing of board committees and working groups
- Non-binding decisions (e.g. a statement from the member assembly)

Quorum?

- There should be some quorum rules for member assemblies. For now, I propose we go with the quorum rules we use for special meetings.

Other thoughts, comments, questions:

- I think this structure gives members the structure to collectively influence the direction of the co-op, without losing the essential governance chain-of-command. It's a step in the direction of direct democracy that is immediately empowering of members.
- Contentious proposals *should* take time. This structure and process requires that a proposal must be approved at the member assembly level, then at the board level, for it to become binding for the business.
- From Alex (paraphrase)
 - We need to think about the process of supporting the working groups. I.e.
 - Do they meet regularly - not so relevant for some groups but i.e. if we have a group that's responsible for social media & marketing they need to be on the ball all the time

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- How do we manage the cooperation with Management as I can imagine most of the results from the working groups will have more of an effect on Management and the GM than on the Co-op as a whole i.e. might not to go to a member assembly
- We should include some graphics about the decision making process between the groups, the member assembly, the board and the annual meeting - but I like the "triple check system" but a graphic will explain it much better in just one picture
- We need an Membership Engagement committee that is willing to work hard :-0
- I guess currently getting a quorum - i.e. min 60-70 people to a quarterly meeting might be hard but hopefully that will change

Existing Board Committees:

[need to put them here]

Proposed Board Committees:

Member Engagement committee -- chairs the member assemblies, builds and maintains infrastructure that supports coordination between board, board committees, and working groups

Existing Working Groups:

[need to put them here]

A member requested this be shared electronically.

ACTION ITEM: Eli will share via Harvest Announce and Brian will send in email update.

Eli expressed this is a starting point, will continue working with Alex and Brian and will bring to a Member Engagement committee meeting. A process and structure with transparency is needed, ideally to address a more efficient system for member discussions and requests being heard and actively addressed by the board. A member expressed concern that this proposal does not mention the current financial situation, which should be related to the democratic frame of the co-op. Eli acknowledges the financial situation should be incorporated into all aspects. Another member pointed out financial reports are included and will be addressed in the meeting. Lydia expressed that financial discussion could be included via the proposed process.

Executive Committee: In Meghan's absence Lydia reported we will be bringing Erin up to speed, understanding historical context for on-boarding new Board of Directors. Erin will be in touch shortly.

Election: Lydia reported on the online voting options. See comparison chart below.

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| Survey Monkey | \$408 | <ul style="list-style-type: none"> ● Easy to create election ● Board can administer - no outside parties ● One vote per email address ● Easy to have separate options for email & in-person/paper voting ● Allows control of timing of sending results for verification of valid votes ● Available for other co-op surveys - price is for 1 year of access (member surveys, product surveys, ?) | <ul style="list-style-type: none"> ● Requires manual process to check that a member has not voted both via email & in-person/paper (this should be reasonably simple in excel) ● Cannot be fully anonymous with need to check online vs paper votes ● Email address is only identity check prior to submitting online vote ● Results not sent automatically ● Less secure due to internal management |
| electionbuddy.com | \$599 | <ul style="list-style-type: none"> ● Higher level of anonymity ● Votes counted automatically, and all in one place ● Results emailed automatically to members with email addresses ● Requirement for voting keys decreases opportunity for fraud | <ul style="list-style-type: none"> ● More complicated to administer due to outside support & method ● Some complexity in combining in-person/paper voting with this system <ul style="list-style-type: none"> ○ Paper voting must end earlier ○ Need system for not providing duplicate codes for people who have already been assigned a code. |

Discussion ensued regarding pros and cons of the two systems. A member asked for historical numbers of in-person versus online votes. For 2016 the Board estimates about 12 non-electronic votes and approximately 270 votes total. Eli expressed the need to do better this year to turn out the vote. Discussion around data export features for verifying voting data. ElectionBuddy immediately emails results upon voting closing, Survey Monkey would require more manual review of data. A member expressed concern for ballot box remaining in-store for extended periods of time, but in-person ballots increase accessibility and engage people in the store. Member suggestions included ballots could remain with the cashiers for security, member volunteers can help with vote collection. The Board confirmed, considering the factors at play, ElectionBuddy is the preferred method. Additional discussion ensued regarding validating election data and auditing results. Last date to apply to be a Board candidate 9/15. Discussion ensued around adjusting timeline to extend deadline to solicit more Board applications. Some have expressed interest, but no one has applied yet. A member pointed out that the requirement for candidates to appear at the annual meeting could be a hindrance.

A member expressed that many years ago he felt left out of the democratic process.

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Discussion ensued around adjusting election timeline, but unclear on specifications of the bylaws. A member clarified if the election started 10/25, it would close 11/8. Board member pointed out this would shorten the time between closing votes and onboarding new Board members.

Motion: Move election start date to 10/25/17, with application deadline of 9/25/17, pending confirmation of bylaws. The motion was moved and seconded. Approved 6-0-0

Currently 4 directors' terms are ending. Remaining: Dwayne, Gordon, Eli, Lydia. 5 seats up for election.

Special Meeting Update:

Dwayne discussed the motions sent by the member group. A member, Wayne, is working on language for broader bylaw amendments to be included in the notice to members which to be sent by Wednesday 9/13 by Dwayne to the full membership. Motions and the order of agenda will be updated. Christ Church and Spontaneous Celebrations are two options for location. Discussion ensued that Spontaneous Celebrations is not an ideal location. The venue will be confirmed and shared with membership as soon as possible. We are seeking a facilitator for the meeting. Potential facilitator suggestions were mentioned, and the limited budget for hiring. Members should send ideas to Dwayne.

ACTION ITEM: Ellen will check on room in the budget to cover a facilitator.

A member asked what will happen in the Special Meeting. An email communication will include motions to be voted on. Dwayne summed up one motion for current board whose terms are not yet up will be asked to resign leaving all 9 Board seats open.

Member Equity Refunds:

A member asked the reason members ask for equity refunds. This is not a required question. We only know when members voluntarily include a reason.

Motion: Approve August equity refund requests from 9 members totaling \$653.01. The motion was moved and seconded. Approved 6-0-0.

GM Report:

Discussion ensued around a \$450,000 adjustment to equity; some guessed it might be carried over from long ago, or that it was an adjustment when moving from one financial institution to another, or when equity was adjusted about 10 years ago. A member offered that Brian has expressed interest in finding a new financial officer/company. Determined clarification should come from Brian. Questions ensued regarding dividends, the -\$48,000 in cash, and if any of that is related to the \$70,000 loan. This is cash accounting.

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ACTION ITEM: Clarify with Brian to explain in plain language (1) the \$450,000 equity adjustment, (2) -\$48,000 in cash. And are we allowed to overdraw this much in our accounts?

Member asked to clarify financial responsibilities. Board carries fiduciary responsibility but it's Brian's job to operate the board. Discussed that this year's summer slide was worse than previous years. Brian has expressed he sees the decrease in sales as a trend going back many years. Directors brought up that Brian has a strategy for moving forward, staffing is low, staff morale not always high.

Member brought up complaint that tagging prices on every product is her preference. Directors brought up that there are inefficiencies in POS systems which Brian is seeking to address. Member asked about the loans and Ellen clarified loans were an emergency situation. Pro Forma projects losses for subsequent years but not to the point that we'd continue to need loans. Directors expressed it's a day to day struggle and ultimately we need more sales in the store. Brian's plan offers prioritized recommendations.

Motion: Approve GM financial report. The motion was moved and seconded. Approved 6-0-0.

Change in Signatories:

To change signatories with Citizens Bank, a board resolution must be filed.

Motion: Approve Citizens change in signatories. The motion was moved and seconded. Approved 6-0-0.

Member offered observation that membership report is one of the best we've had and the last equity numbers report 11,000 lapsed memberships, meaning no longer shopping with Harvest but haven't asked for an equity refund. Member asked if inactive members would be included on our email list notification about the Special Meeting. Our list is about 700 - likely does not include inactive members. We may have street addresses for them.

Board Monitoring:

Eli commented that the policy is working well now, but in large part due to the individual that is in the GM role. If personalities were different, this could be problematic and has been in the past. This policy could be misused for GM to skirt accountability.

Discussion around policy D2. 1. "The Board will view GM performance as identical to organizational performance so that the Cooperative's accomplishment of Board-stated ends and avoidance of Board-proscribed means will be viewed as successful GM performance." Board agrees reporting mechanism and performance mechanism should be decoupled and Brian has a plan for this moving forward.

ACTION ITEM: Eli will draft proposed policy change to decouple reporting and performance mechanisms, and will bring to next meeting.

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Motion: Approve Board monitoring report. The motion was moved and seconded. Approved 5-0-1.

Use of Executive Session:

Lydia proposes 2 governing policies regarding executive session:

1. When executive session is deemed necessary by the board, members will be informed of the purpose or topic of executive session discussions.
2. No decisions will be made in executive session.

Exception would be privacy HR issue, which is governed by federal or state law. Member asked if we are considering writing this into our bylaws. Board feels that bylaws need many changes and would like to see thorough bylaw review and follow process. Board is in support of bylaw committee to re-write bylaws. A member added that bylaws tend to be fairly high level on purpose and the operating agreement would get into specifics, and be easier to change than bylaws, by design. We have a Board Manual, which serves as our Operating Agreement. Dwayne agrees bylaw changes should take time and thorough review of best practices. Wayne offered there are 2 ways in which policies are considered - bylaws and policy manual.

Motion: Adopt appropriate use of Executive Session changes to Policy Manual. The motion was moved and seconded. Approved 6-0-0.

Adjournment of member session:

Motion: Close the member meeting. The motion was moved and seconded. Approved 6-0-0

Member session closed at 8:25pm