

MEMBER

HARVEST BOARD OF DIRECTORS DRAFT MEETING MINUTES-OCTOBER 2 MEMBER SESSION

Attending: Ellen Dickenson, Kashif ul-Huda, Gordon Williams, Dwayne Desaulniers, Lydia Peabody (call-in), Eli Feghali, Meghan Strauchon (15 min late)

13 members:

Josh Anderson	
Sarah Koolsbergen	
Erin Pizzonia	
Paige Clark	
Tony White	
Maggie Cohn	
David Hermann	
Leslie Belay	
Greg Brodsky	
Marlene Archer	
Alex Klosterkemper	
Peter Stokes	
Matthew Andrews	

Vote Key

Votes are recorded in this order: For, Against, Abstaining
Minutes taken by Kristen Aldrich; Ellen facilitated instead of Lydia.
The meeting commenced at 6:35pm.

Agenda Review

Ellen reviewed board meeting purpose. Introductions around the room. Tony White from National Coop Grocers attended. He is in town, working with Brian. Agenda reviewed. Eli asked to add item - revise Board policy, talk about this during Board monitoring discussion. Add Annual meeting update during Executive committee discussion.

Member Comment:

Member, Greg, board and concerned member group with Brian's involvement - concern due to amount losing every month needs dramatic solution. Better sense of cash flow and more of a broad look at the plan. Brian will be reporting on the financial situation including cash flow and more long term board/strategic planning. Annual meeting might touch on this as well.

Number of member committees formed during member forum last June - those committees meet between now and annual meeting to report back. Particularly strategic planning committee. Agree with Greg - dramatic steps need to be taken and annual meeting might be a good place to discuss plan and move it along

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Sarah - wants to hear board's thoughts in response to special member meeting.

Email went out about 5:00pm today - Dwayne recapped the email. Suggestion to continue/conclude discussion of motions at annual meeting. What was emailed was the proposal, but we are looking to membership for input. Continue discussion at annual meeting makes most sense due to time and resources it takes to convene everyone.

Member commented - does it make sense to reframe the discussion instead of march through the list - likely time consuming to get through it all.

Maggie commented that many she's spoken to are in favor of bylaws review. most questions/discussion topics fall within bylaws review. much of the discussion would defer to the bylaws review committee. Dwayne agreed this is much needed and

Greg commented and agreed with bylaw review, but Board and membership need to agree on a plan before changing bylaws.

Eli commented that we should wait until after elections to dive in since it will be many new board members who should be stewarding the process.

Dwayne commented review process would likely take 3 months at least.

Review September Meeting minutes and action items:

From September meeting, Brian confirmed the senior discount is 5%. Kristen will update language to accurately reflect this discussion item in September minutes.

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

ACTION ITEM: Brian will do more digging and investigate the \$450,000 equity adjustment \$48,000 in cash from his financial reports. Tony clarified it is what members have invested in coop but we don't retain that money as an asset.

<p>Motion: Approve September minutes. The motion was moved and seconded. Approved 6-0-0.</p>

Committee Reports:

Finance Committee: Ellen reported they'll be digging into audit at meeting tomorrow evening. Review presentation for annual meeting. Accountant unable to attend but will review draft.

Member Engagement Committee: Eli reported there was a special meeting last week. We had quorum - approximately 100 attendees. Would like to debrief particularly how we make decisions together as a group. Difficulty agreeing to/understanding the process for

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making decisions and bringing forth proposals. Robert's Rules does not seem to be the best method - suggested bringing this to a future meeting or member assembly. Agenda items that we didn't have time for from the Special Meeting will be added to the annual meeting, but we likely won't have time for everything at the annual meeting either - expressed desire to prioritize what to include at annual meeting and get membership feedback on annual meeting agenda. Eli discussed his proposal for the member assembly structure - he is seeking further feedback. Hope to have conversation and come to a decision by end of November to start implementing.

Eli summarized the member assembly proposal - quarterly member assemblies would take place in which working groups and board committees can bring proposals for members to deliberate, make decisions to go to the board for a vote at following board meeting. This allows members direct say in governance and decision making for Harvest. Encourage working groups, committees, and cross pollination therein. Discussion ensued around the connection between member assembly and the strategic planning group, and that a clear process is needed. Check in with working groups to see what folks can present at annual meeting. Member, Alex, commented on engagement groups - marketing and PR, and Strategic planning groups are active; others have been put on hold in light of Special Meeting; but moving forward Involve Brian to drive positive change with staff.

ACTION ITEM: Eli will help create a plan with the member engagement groups to present at annual meeting.

Member commented that many groups have not been very active and engage in the steps with strategic planning and she volunteered to help with the plan. Eli clarified that he will engage this process.

Executive Committee: Dwayne gave annual meeting update - agenda will include financial update, election discussion. Will include vendors attending - successful last year. Location being nailed down. Discussion ensued regarding potential locations and number of attendance we can accommodate. Last year we had 60, but we might see more like 100-200. Marc can help coordinate vendor presence.

Confirmed deadline to apply is 10/3. Confusing communication has been sent about that. Eli will send another note tomorrow morning. Eli asked will each candidate be able to present? Each can speak for 2 minutes, plus Q&A. Currently about 9 candidates.

Election: Lydia reported that Kashif and Lydia discussed this week. Kashif will take on logistical elements. 7 applicants and eligibility verified - additional 4 submitted today, awaiting eligibility verification. Encouraged by the diversity and volume of applications. One member asked if candidates and board of directors can have presence in the stores leading up to election. Might be logistically difficult but would raise visibility. Signage in stores. Online election will be run using ElectionBuddy and mailing out voting instructions. Anonymous voting is possible in-store. Verification process confirmed for different voting methods. Members that are not running are encouraged to volunteer to help with voting, particularly paper ballots. We need to train staff at stores, collect ballots

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to be manually entered - should be a mix of directors and members to keep it all honest. Voting 10/25 - 11/10. End paper ballot 11/8. Online voting run until 11/10 to give time to collect and enter paper ballots into online system. Election closes and results auto-emailed. Board will follow up with confirmation, exact date TBD.

Member asked if candidate was unable to attend annual meeting, what then. Lydia confirmed absence may be approved in advance, someone can read a statement for you in person. Kashif confirmed candidate statements will be posted on Harvest website, in ElectionBuddy, emailed, and hard copy in stores. Will only send via snail mail if requested. Member commented sending via email ideal. Election Committee will review of all votes and send to board

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 September equity refund requests from 6 members totaling \$500. The motion was moved and seconded. Approved 7-0-0.

GM Report:

Brian gave report, reflecting some of what he said at the special meeting. Overall sales are down. Reflections on staff meeting - overall a success. Good turnout, good questions, comfortable to express themselves, lower staff level means morale might is down. Job descriptions finalized to be posted by end of the week. Seeking experienced, thoughtful produce manager. Produce and customer service are key to store perceptions. No system for evaluation of staff, inconsistency in raises and wage structure, higher expectations for managers (HR, leadership, team building). Cost saving projects - FMS is a costly system that is not a good fit and we are switching to RFS which will cost 1/3 of what FMS has cost us. Working with Tony focusing on Cambridge store - cleaning, painting, product shifting, etc. Somerville office is close to shut down. POS system improving - software upgrade. Produce and deli are low-hanging fruit for increasing sales.

Kashif asked (1) Will RFS backup data? (2) Where is membership information stored? (3) Better utilization of Cambridge front of store, seating?

Brian - Membership database is separate, only equity information is in our financial system.

RFS backup - we backup our data regularly but not an off-site or cloud-based backup.

Easy add-on with Quickbooks

Cambridge front of store - limited on seating capacity now, not much need for seating without prepared food, would require financial investment and right now we are focused on free/cheap improvements. Cambridge in need of proper produce prep space.

Peter - one-time cost to move data? Brian responded - less than \$2k to migrate. Tony commented that RFS produces very clean, easily comparable data. Feeds into Coop Metrics. Board can request Coop Metrics reports.

Marlene - catering? Brian - we do very limited catering; we won't turn down the sales at this point, but hard to make catering through a deli profitable, it's more of a community engagement piece. Marlene found in her previous food business, catering allowed for reliable product needs.

Board agreed to stay until 8:20 to finish the meeting.

GM Monitoring Report

Ellen described process and purpose of monitoring report. Reviewed GM monitoring report. Marlene asked if GM and Board create a budget together.

Ellen explained, yes they work together on budget. Harvest has 2 budgets - operating budget for stores and Board budget

Motion: Approve GM Monitoring B1. The motion was moved and seconded.
Approved 7-0-0.

Kashif has asked if the Board administrator can have access to the website. Brian agreed.

Motion: Approve GM Monitoring B8. The motion was moved and seconded.
Approved 7-0-0.

GM Financial Report:

Sales still down, comparing to same period prior year. Tony commented that industry-wide 55% margin is typical. Certain departments run at different margin levels - produce has the highest labor costs and greatest margin potential. Full detailed report is available upon request from Joanne - financials@harvest.coop. Matt asked how much adding new members would address cash flow/margin issue? and how much does average member spend on monthly basis at Harvest - can we see a spread on percentile (some super spenders, some hardly spending, some in the middle)? Brian will check on member "basket" reports.

Marlene - can we reconsider raising individual equity level to \$1,000?

Brian - if majority of members agree so be it, but it might turn off many at sticker shock. We could consider optional additional equity investment beyond \$200. Board can bring this to the forefront of the discussion.

Basket size has been up consistently, but fewer shoppers overall.

Tony commented, smaller/lacking deli might actually increase grocery/basket size. While membership increase is important, high quality store is number 1.

Dwayne - Amazon purchase of WholeFoods? Tony - they are aggressive on staple items, hard time delivering consistently - out of stock a lot, but overall it's worked. Coop deal items are very successful.

Brian - Harvest currently relies solely on NCG for promotions - we should do more Harvest specific deals.

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Board Monitoring:

Ellen explained board monitoring process and procedure.

Kashif - learn from previous mistakes, let's engage external process for board monitoring.

Member asked for clarification on procedure; Ellen explained and confirmed we are interested in external report. Matt expressed concern with qualitative nature of evaluation vs quantitative nature of reports. Discussion ensued on effectiveness of this process - what is lacking is accountability of change. Eli expressed need to give more time to create space for solid evaluation, consider bumping up time allotment.

Brian - Regarding D4-7, how to track GM monitoring, and can we use example sent to Board Administrator. Board discussed need for tracking Board monitoring and Kristen will share template with board.

Eli - utilize 360 review for GM monitoring.

Maggie - dig into this during Board retreat for deep evaluation.

ACTION ITEM: Dwayne will draft proposal for policy change on GM monitoring and bring to November meeting.

Motion: Approve Board monitoring report D3. The motion was moved and seconded. Approved 7-0-0.

Adjournment of member session:

Motion: Close the member meeting. The motion was moved and seconded. Approved 7-0-0

Member session closed at 8:32pm