

**HARVEST COOP MARKETS
3 DECEMBER 2007
PUBLIC MINUTES**

Session begins: 7:00 p.m.

Minutes taken by Diane Simpson

Introductions
Agenda Review

Attending: Betsy Adams, Matthew Altman, Steve Clifford, Amy Cotter, Jessie Grogan, Margaret Lamb, Jessie Myszka, Salil Simon Payappilly, Diane Simpson (Board Administrator), Joe Slag, Mike St. Clair, General Manager (via phone). Guest: Joshua Laskin
Late: Marilyn Scholl (via phone)

Ratify Election Results & Seat Directors

Jessie M.

Q: Is it financially efficient to have terms of one year?

A: It is in the bylaws to have terms of 1, 2, 3 years

Motion: Ratify the Board Election

Steve C. moves to ratify; Jessie G. seconds
Unanimous 5-0-0 (As yet unseated directors not voting)

Officer Elections

Jessie M.

Executive committee meets in person or by phone to set the agenda
They met to discuss 2008 officer slate
The plan is to keep the existing officer slate with Jessie G. replacing Amy C. on the executive committee
Board job descriptions
The three officers met last year and divided up the tasks among the three (President, Vice President, Secretary)
Suggested slate:
Jessie M., President; Steve C., Vice President; Betsy A., Treasurer; Jessie G, Secretary

Q: Are there no term limits for these officer-ships?

A: No but I am self-imposing one on myself (president)

Motion: Accept the proposed slate of officers

Matt A. moves; Joe S. seconds
Unanimous 8-0-0

Public comment

Joshua L. would like to comment on membership reporting so the board delayed public comment at this time

GM report

Mike S.

- 1 Payroll services are now being provided by ADP rates are \$38 week more than FMS
- 2 ADP is the largest payroll services company in the country
- 1 The new web site went up today.

Cooperative Board Leadership Development (CBLD)

Jessie M.

We need to agree that we will continue to use CBLD, a program by co-op development services. (Consultancy that used to work at food co-ops)

This program helps keep us on track so we don't waste each others' time in a meeting. First quarter payment will be in last quarter of Harvest's fiscal year. We can probably split the payment if we need to.

Questions?

Total cost: \$5180

The big advantages:

- 1 Insights on what other co-ops have done and what works for them; what the board should and should not be involved in
- 2 Facilitation of the retreat.
- 3 One of our main connections to other boards
- 4 Best practices from other parts of the country
- 5 I'm a "real skinflint" about adding expenses to the budget but think this is money well spent

Motion: Accept proposed contract

Steve moves, Jessie G. seconds to accept the contract as proposed.

Unanimous 8-0-0

Bylaw Changes, BoD Code of Conduct & Removal for Cause

Steve C.

This has to be read at two board meetings; it was read once at the last meeting.

Text of bylaw change:

Section 5: REMOVAL OF DIRECTORS

1)†††††† BY THE BOARD OF DIRECTORS

- (i)† Any Director may be removed from his/her office by the affirming vote of a simple majority of the remaining Directors if he/she is absent from two consecutive regular or special meetings of the Board without giving notice to the Board of his/her intended absence at or before the start of these meetings
- (ii)† Any Director who fails to attend three regular meetings annually may be removed by the action of the majority of the other Directors
- (iii) Any Director of the association may be removed from office for cause, by a 2/3 majority vote of the remainder of the Board.† Cause includes, but is not limited to, violation of the Board's code of conduct agreement.

Motion: Adopt bylaw change as written

Amy C. moves; Betsy A. seconds

Unanimous 8-0-0

Membership reporting – BoD goals and expectations of GM

Steve C.

Goal: What information do we want from our General Manager?

Questions to answer: What do we want and why, and the purpose of our asking for this information.

The board does not want to burden the GM with excess requests for useless information. The GM can get just about any information we want; standing by to find out what that would be.

Comment: We now have a meaningful distinction between active and inactive members. Are we seeking information on inactive members?

Active member is up-to-date with their payments and has made a purchase (\$1.00 in the last year.) \$25 yearly fee.

Q: Do we send bills?

A: There's a reminder at the register.

Q: I am unclear about the member report. Don't you want this information in order to know whether your programs are working or not?

A: Yes we do.

Comment: The difference between active and inactive is very important.

Comment: 1) We need to keep our eye on small incremental changes that might not be noticed immediately; 2) The board should be aware of membership numbers at all times

Q: How can the GM read the minds of members unless he surveys the members to find out why they are doing what they're doing?

A: If the GM runs a membership drive and membership goes up he can assume that it went up due to the membership drive.

Q: Why do you (the board) not decide what information it is you need and have the GM get it for you?

A: There's a step in between. We (the board) have to agree with what the GM has proposed as meaningful information to report. I want to know the numbers and the analysis of the numbers.

Comment: We're at step one. Based on what we ask our GM tonight he will come back with a proposal. We're asking for his help in getting the ball rolling, but eventually we're going to tell him what we want to know.

Q: Of what does a membership drive consist?

A: A campaign for getting the word out: web site; in-store-posters; in-person through our front-end staff (associates who are members) The goal was to get 200 new members. We got 170 new members; spent 700-800 dollars on this campaign.

Q: We should get the numbers and go from there?

A: We won't necessarily get numbers--we will get the info we request from our GM.

Q: Do we want to track economic activity of inactive members?

A: Yes, no...maybe

Q: Should the sentence say, "anticipates activities in process" (i.e. membership drive)?

Motion: The GM will report on members' economic participation in the co-op.

The GM's report will include an analysis of probable causes, whether changes are positive or negative, as well as any activities underway that he or she thinks will affect future member economic participation.

Amy C. moves; Steve C. seconds

Unanimous 8-0-0

Marilyn comes in via phone at 7:59 p.m.

GM Compensation Timeline

J. Myszka

Marilyn S.: Start with the goals:

- 1 The GM compensation becomes strategic instead of emotional
- 2 GM compensation plan is relative to the market
- 3 Board can articulate the values related to GM compensation

Q: What's the status now, and how does this fit into the process now of what needs to be done?

A: In previous years the GM proposed a compensation package and did a self-review

The old process was briefly summarized: The board set out a series of objectives and asked the GM what was the best way to achieve those goals. The GM would respond with a proposal.

Start: Q and A with Marilyn Scholl of CDS

Marilyn: you decide as a board how deeply you want to go into each of the criteria for paying the GM.

Q: What is “Performance evaluation and compensation”

A: Two parts of the salary: base pay and performance. Base pay gets paid regardless; performance pay varies depending upon the criteria the board has set. This can be set to allow partial payment depending on how far the GM gets in achieving the set goals.

Marilyn: you get a plan from the GM that covers 2 years

Q: What about a qualitative metric?

A: I wouldn't include that for the base pay.

Q: Does this replace the performance review?

A: No. Targets could be set; then reviewed annually.

Q: How do you take the qualitative information from a performance review and turn that into something actionable for a bonus?

A: I would not include that in either the base or performance pay. Anything you want to reward should be written up and placed in your criteria. As part of the board process you will have to come to an agreement as to what you value in terms of performance.

End: Q and A with Marilyn Scholl of CDS

ACTION ITEM Marilyn to send the relevant sections of the PDF to the new board members.

Q: Is this the way Harvest is going to do this from this point on?

A: We would use this plan for the next two years, then we would revisit the criteria.

Motion: Accept the proposed timeline and process for GM compensation, to be edited as necessary to fit our meeting schedule.

Steve C. moves; Amy C. seconds

Unanimous 8-0-0

Calendar

B. Adams

The calendar sets up the following board meetings:

Monday, January 28

Monday, April 7

Monday, May 5

Monday, June 2

Monday, July 7

Monday, August 4

Tuesday, September 2

Monday, October 6

Annual Meeting - Wednesday, October 29

Monday, December 8

Hot topic for the retreat?

Marilyn: Need to check in on this: it could be the workplan. Board relationship with member owner and longer term strategic direction for the co-op.

Board member-liaison position?

Retreat will be February 23. It is usually held in a conference room of one of the board members.

Calendar accepted as modified.

Marilyn signs off at 9 p.m.

Motion: Approve October meeting minutes

Jessie M. moves; Amy C. seconds to accept the October minutes with minor edits.

8-0-1 (1 abstention)

Motion: Accept Annual Meeting minutes

Steve C. moves; Joe S. seconds

Unanimous 8-0-0

9:10 public session ends